86 1966

Supreme Court, U.S.
FILED
JUN 9 1987
JOSEPH F. SPANIOL, JR.
CLERK

No. 86-

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

CLEO D. MATHIS and VICO PRODUCTS MANUFACTURING CO., INC.

Petitioners,

vs.

HYDRO AIR INDUSTRIES, INC., GERALD MORELAND, BILL SPEARS, WATERWAY PLASTICS, INC., B & S PLASTICS, INC. dba WATERWAY PLASTICS, and PHILIP E. CHALBERG, ROBERT WEYGAND, HYDRABATHS,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

EDWARD J. DARIN
EDWARD J. DARIN, INC.
301 East Colorado Blvd.,
Suite 518
Pasadena, CA 91101
(818) 793-0689

Attorney for Petitioners

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

43pp

QUESTIONS PRESENTED

This petition presents the following questions:

1. Is not the decision of the Federal Circuit erroneous in its application of the 1986 standards of the duty of candor imposed on applicants for patents before the U.S. Patent and Trademark Office (PTO) for establishing inequitable conduct, pursuant to the 1977 amendment to 37 CFR 1.56, since it amounts to a retrospective application of the present day standards by imposing new duties on patentees that take away or impair vested patent rights in violation of the due process clause of the U.S. Constitution and is in direct conflict with the decision of the First Circuit in *Digital Equipment Corp. v. Diamond* 653 F.2d 701, 716, 210 USPQ 521, 536-547 (CA-1, 1981) and also, the Federal Circuit's early decision in *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1551, 220 USPQ 193, 200-201 (Fed. Cir. 1983) where:

   i) Each case dealt with the question of retrospective application of 37 CFR 1.56 promulgated years after the events at issue; and

   ii) The First Circuit clearly indicated, contrary to the Federal Circuit Panel, its disapproval of placing the entire burden of a proper disclosure to the PTO to satisfy a duty of candor on an inventor not versed in patent law, as clearly recognized by the PTO Rule,

In the resolution of this first question, the Court will be presented with this subsidiary question.

Does not the erroneous decision of the Federal Circuit, which was restricted to a judgment on inequit-

able conduct in the procuring of three utility patents, based on a 1986 decision of the Federal Circuit, that was nonexistent at the time of the trial in 1983, or prior to the grant of the patents in suit in 1975-76, namely, the decision of *A. B. Dick Co. vs. Burroughs Corp.* 798 F.2d 1392, 1398, 230 USPQ 849, 854 (Fed. Cir. 1986) expand the Federal Circuit's definitions of "inequitable conduct" and conflicts with the opinion of other panels of the Federal Circuit as to the meaning of the word "important" to a patent examiner in the context of 37 CFR 1.56 as to a finding of "materiality" as to inequitable conduct including *Laitram Corp. v. Cambridge Wire Cloth Co.* 785 F.2d 292, 228 USPQ 935, 937 (Fed. Cir. 1986) which considered "important" from the standpoint of "anticipation" (35 USC 102), or "obviousness" (35 USC 103) for establishing materiality and the lack of a finding based on either statutory criteria establishes the lack of materiality and thereby the lack of inequitable conduct; and again, in 1986, in *Pacific Furniture Manufacturing Co. v. Preview Furniture Corp. et al,* 231 USPQ 67, 69 (Fed. Cir. 1986) wherein another panel concluded there was no inequitable conduct when it considered the undisclosed information was the starting point for the patented improvements and the fact of non-disclosure of that information by the applicant and the attorney was considered as going "to intent not to materiality" and, therefore, the Federal Circuit has left the law confused and the "duty" of applicants and their counsel before the PTO uncertain to the end that all vested patent rights granted by the PTO are all suspect.

2. Does not the decision of the Federal Circuit conflict directly with the pronouncement of this Court

as to a Federal Court of Appeals application of the "clearly erroneous" standard of Rule 52(a) as held by this Court in *United States v. El Paso Natural Gas Co.* 376 US 651, 12 L.ed. 2d 12, 84 S.Ct. 10144 (1964); *Anderson v. Bessemer City* 470 U.S. ___, 84 L.ed. 2d 518, 106 S.Ct. ___(1985); and *Icicle Seafoods, Inc. v. Larry Worthington et al.* 475 U.S. ___, 89 L.ed. 2d 739, 106 S.Ct. ___(1986), particularly in view of the fact that the Federal Circuit ignored the Respondents' admissions in the Federal Circuit that a mistake has been committed, since the district court's Findings of Fact did not include important facts that would prevent the Federal Circuit from fully evaluating the district court's decision and thereby resulted in a gross miscarriage of justice.

3. Were not the pronouncements of this Court in *Icicle Seafoods, Inc. v. Larry Worthington et al.* 475 U.S. ___, 89 L.ed. 2d 739, 106 S.Ct. ___(1986) ignored by the Federal Circuit in improperly applying the appropriate standards of review in passing on the District Court's judgment by failing in its opinion to mention the specific factual findings of the District Court, failing to discuss or analyze the factual findings by indicating which findings it affirmed, rejected or otherwise disposed of, within the meaning of Rule 52(a) of the Federal Rules of Civil Procedure and by improperly making factual findings on its own whereby the Petitioners lack an adequate explanation of the true basis for the Judgment.

4. Does not the decision of the Federal Circuit represent a gross miscarriage of justice by affirming the district court's erroneous decisional approach in these patent cases under 35 USC 102, 103, 112, and 282, and which erroneous approach was carried over to

the Federal Circuit's consideration of the "materiality" of prior art relative to the inequitable conduct and which trial court decisional approach was so soundly condemned by the Federal Circuit in *Panduit Corp. v. Dennison Mfg. Co.*, 1 USPQ 2d 1593 decided 1/23/87,* since such a decisional approach permits destruction of every patent and subjects every inventor and patent applicant to a claim of inequitable conduct, thereby frustrating Congress' effort to effectuate its constitutionally granted powers and the intent of the framers' of the U.S. Constitution to promote progress in science and the useful arts; U.S. Constitution, Article 1, Section 8.

---

* on remand from the U.S. Supreme Court 106 S.Ct. 1578 (1986)

RULE 28.1 STATEMENT

Petitioner, Vico Products Manufacturing Co., Inc. has no parent companies or subsidiaries, apart from wholly owned subsidiaries or affiliates.

TABLE OF CONTENTS

	Page
OPINION	1
JURISDICTION	2
THE CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED	2
STATEMENT OF THE CASE	2
U.S. Patent 3,890,655	6
U.S. Patent 3,890,656	7
U.S. Patent 3,946,499	8
The District Court	8
The Federal Circuit	11
THE REASONS FOR GRANTING OF THE WRIT	13
I. The Court Should Issue The Writ Of Certiorari In This Case Because The Federal Circuit's Affirmance Of The Trial Court On The Issue Of Inequitable Conduct Was Clearly A Retrospective Application Of Present Day Standards Of Conduct For Applicants Before The Patent Office, Only Recently Announced By The Federal Circuit, That Impairs Vested Patent Rights In Violation Of The Due Process Clause Of The Constitution, As Recognized By The First Circuit And An Early Decision Of The Federal Circuit Apparently No Longer Followed But Not Overruled To Prevent Manifest Injustice And To Avoid Future Errors	13

A. The Court Should Issue The Writ Of Certiorari In This Case On The Issue Of Inequitable Conduct As The Federal Circuit Only In 1984 Provided Specific Standards For Evaluating Conduct Before The Patent Office, But Yet Different Panels Have Interpreted The Standards Differently In The Retrospective Application Of The Present Day Standards. Accordingly, There Is An Immediate Special Need For Nationwide Uniformity Which The Federal Court Is Not Providing 15

B. No Novice Inventor, Unskilled In Patent Law, Who Relied On His Patent Counsel To Obtain A Patent For Him Should Be Charged With Inequitable Conduct Under Any Standards When It Is Impossible To Obtain The Testimony Of The Patent Counsel To Explain His Action Of Nondisclosure Of Certain Information 19

II. The Need For Review Of The Issues Relating To Rule 52(a) Raised By Questions 2 And 3 20

A. The Court Should Issue The Writ Of Certiorari In This Case Under The Supervisory Authority Of U.S.S.C. Rule 17 Because The Federal Circuit's Affirmance Of The Trial Court Is Grounded Upon A Total Disregard Of The Requirements Of F.R.CIV.P. Rule 52(a), The Prevailing Parties' Admitted Deficiencies Of The Findings, As Well As The Federal Circuit Improperly Making Factual Findings (Erroneous Facts) And Thereby Ignoring The Pronouncements Of This Court To Prevent Manifest Injustice In The Future .. 20

III. The Need For Review Of The Issues Raised By Question No. 4 Is Necessary To Prevent A Gross Miscarriage Of Justice 24

A. The Court Should Issue The Writ Of Certiorari In This Case Because The Federal Circuit's Affirmance Of The Trial Court Solely On The Issue Of Inequitable Conduct Incorporated The Erroneous Approach Adopted By The Trial Judge Based On The Erroneous Patent Claim Interpretation And Erroneous Interpretation Of The Cited And Uncited Prior Art By The Counsel Of Prevailing Parties 24

B. The Erroneous Interpretation Of The Patents In Suit, The Claims In Issue, And The Lack Of Review Of The Cited And Uncited Art Has Approved The Trial Counsel's Improper Erroneous Conclusions Authenticated By The Trial Court's Lack Of Appreciation Of The Petitioner's Evidence 28

CONCLUSION 30

TABLE OF AUTHORITIES

CASES: Page

A. B. Dick Co. v. Burroughs Corp., 798 F.2d, 1392, 1398, 230 USPQ 849, 854 (Fed. Cir. 1986) 16,20,26,29

Anderson v. Bessemer City, 470 U.S. ___, 84 L.ed. 2d 518, 106 S.Ct. (1985) 22

American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1632-63, 220 USPQ 763, 772 (CAFC 1984) 13,24

Chicago College of Osteopathic Medicine v. Geo. A. Fuller Co., 719 F.2d 1335, 1353, (CA-7, 1983) 19

Chicopee Mfg. Corp. v. Kendall Co., 288 F.2d 719, 129 USPQ 94 (CA-4, 1961) 21

Connell v. Sears, Roebuck & Co., 722 F.2d 1542, 1551, 220 USPQ 193, 201 (Fed. Cir. 1983) ... 14

Digital Equipment Corp. v. Diamond, 653 F.2d 701, 716, 210 USPQ 521, 536, 547 (CA-1, 1981) 13,16,17,18,24

DuPont v. Berkeley & Co., 620 F.2d 1247, 1274-75, 205 USPQ 1, 23 (C.A. 8 1980) 10

Environmental Designs Ltd. v. Union Oil Co. of Calif., 713 F.2d 693, 698, 218 USPQ 685, 870 (Fed. Cir. 1983) 24

Graham v. Deere, 383 U.S. 1 (1965) 17,25,26,27

Hycor Corp. v. Schleuter Co., 740 F.2d 1529, 1540, 222 USPQ 553, 561-562 (Fed. Cir. 1984) 20

Icicle Seafoods, Inc. v. Larry Worthington et al, 475 U.S. ___, 89 L.ed. 2d 739, 106 S.Ct. ___(1986) 22

J. P. Stevens & Co. v. Lex Tex Ltd., 747 F.2d 1553, 1559, 223 USPQ 1089, 1092 (Fed. Cir. 1984) 15,16,17,20,25

Kansas Jack v. Kuhn, 719 F.2d 1144-1151-52, 219 USPQ 857, 861 (Fed. Cir. 1983) 18

Table of Authorities Continued

Page

Kimberly Clark Corp. v. Johnson & Johnson, 745 F.2d 1437, 1454-55, 223 USPQ 603, 614, 616 (Fed. Cir. 1984) 18,24,25

Laitram Corp. v. Cambridge Wire Cloth Co., 785 F.2d 292, 228 USPQ 935, 937 (Fed. Cir. 1986) 18,25,26

Norton v. Curtiss, 433 F.2d 779-795, 167 USPQ 532, 544-45 (CCPA 1970) 18

Orthopedic Appliances, Inc. v. All Orthopedic Appliances Inc., 707 F.2d 1376-1383, 217 USPQ 1281, 1286 (Fed. Cir. 1983) 10

Pacific Furniture Mfg. Co. v. Preview Furniture, 231 USPQ 67, 69 (Fed. Cir. 1986) 25

Panduit Corp. v. Dennison Mfg. Co., 1 USPQ 2d 1953 (Fed. Cir. 1987) 27,28

Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806, 816, rehearing denied 325 U.S. 893, 65 USPQ 133 (1945) 14

Pfizer, Inc. v. International Rectifier Corp., 545 F.Supp. 486, 535-538, 207 USPQ 397, 435 (C.D. Cal. 1980) aff'd. 685 F.2d 357 (CA 9-1982) . 14

Pfizer, Inc. v. International Rectifier Corp., 538 F.2d 180, 185-187, 193-194, 190 USPQ 273, 277, 279, 286, 287 (CA-8, 1976) 17

Reinke Mfg. Co. v. Sidney Mfg. Corp., 446 F.Supp. 1056, 199 USPQ 401 (D. Neb. 1978); affirmed 594 F.2d 644, 201 USPQ 344 (CA-8, 1979) . 19

SSIH Equipment, S.A. v. U.S. International Trade Commission and Stewart Warner, 718 F.2d 365, 378, 379, 218 USPQ 678, 689-90 (Fed. Cir. 1983) 10,23

Table of Authorities Continued

	Page
Tokyo Shibaura Electric Co. v. Zenith Radio Corp., 404 F.Supp. 547, 188 USPQ 55 (D. Del. 1975) affirmed 548 F.2d 88, 193 USPQ 73 (CA-3, 1977)	19
United States v. El Paso Natural Gas Co., 376 U.S. 651, 656 footnote 4, 12 L.ed. 2d 12, 84 S.Ct. 1044 (1964)	20
In re Vico Products Mfg. Co., Inc., 229 USPQ 364, 367, 368 (TTAB 1985) reconsideration denied 229 USPQ 716, 718 (TTAB 1986)	29
PROVISIONS OF THE U.S. CONSTITUTION:	
Article I, ¶ 8, Clause 8	2,16
Amendment V	2
STATUTES:	
United States Code, Title 35, Sec. 101	2
United States Code, Title 35, Sec. 102	2,3,27,28
United States Code, Title 35, Sec. 103	2,3,25,27,28
United States Code, Title 35, Sec. 111	2
United States Code, Title 35, Sec. 112	2,3,27
United States Code, Title 35, Sec. 115	15
United States Code, Title 35, Sec. 154	2,16
United States Code, Title 35, Sec. 282	2
United States Code, Title 35, Sec. 285	2
RULES:	
U.S. Supreme Court Rule 17.1(a) and 17.2	2,20,24
Federal Rules of Civil Procedure 52 & 52(a)	2,5,12,20,21,22,23
Patent Office Rules Of Practice (37 CFR) 1.31	2
Patent Office Rules Of Practice (37 CFR) 1.51	2

Table of Authorities Continued

Page

Patent Office Rules Of Practice (37 CFR) 1.56 2,5,11,13,14,15,18,25,26,27

Patent Office Rules Of Practice (37 CFR) 1.56(a) 2,14,19,26

Patent Office Rules Of Practice (37 CFR) 1.56(b) 2,12,18,19

Patent Office Rules Of Practice (37 CFR) 1.63 2,15,18

TEXTBOOK:

"Patent Litigation: Procedure and Tactics," Vol. 3 by R.A. White, pages 8A-21-8A-23 15

PUBLICATION:

Journal of Patent and Trademark Society, Jan. 1987, Vol. 69, No. 1 pages 27-46, entitled "Patent Law and the Presumption of Moral Regularity; A Critical Review of Recent Federal Circuit Decisions on Inequitable Conduct and Willful Infringement" by Donald S. Chisum 17

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

No. 86-

CLEO D. MATHIS and VICO PRODUCTS MANUFACTURING CO., INC.,

Petitioners,

v.

HYDRO AIR INDUSTRIES, INC., GERALD MORELAND; BILL SPEARS, WATERWAY PLASTICS, INC., B & S PLASTICS INC., dba WATERWAY PLASTICS; and PHILIP E. CHALBERG, ROBERT WEYGAND, HYDRABATHS,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The petitioners, Cleo D. Mathis and Vico Products Manufacturing Co., Inc. respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit in its causes Nos. 86-1181; 86-1182; and 86-1224. The Judgment was entered on February 13, 1987. Rehearing was denied on March 11, 1987.

OPINION

The opinion of the Court of Appeals is unpublished and is reprinted in the appendix to the petition commencing at page 1a.

The district court's Findings of Fact and Conclusions of Law are reported in 1 USPQ 2d 1513 and is reprinted in the appendix to this petition commencing at page 54a.

JURISDICTION

The judgment of which review by this Court is sought was entered on February 13, 1987, and rehearing was denied on March 11, 1987. This Court has jurisdiction by virtue of 28 U.S.C. Section 1254(1).

THE CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED

U.S. CONSTITUTION, AMENDMENT V

"No person shall .... be deprived of life, liberty or property without due process of law. . ."

In addition to the above constitutional provision, these cases involve Article I, ¶8, Clause 8 of the U.S. Constitution (A.p. 143a) and the Federal patent laws (A.p. 144a-149a), the Federal Rules of Civil Procedure (A.p. 150a) and the Patent and Trademark Office Rules of Practise (A.p. 151a-154a). The statutory provisions involved are 35 USC 101, 102, 103, 111, 112, 154, 282 ad 285. the Federal Rule involved is 52(a) and the Patent and Trademark Office Rules are 1.31, 1.51, 1.56 and 1.63 37 CFR 1.31, 1.51, 1.56 and 1.63.

STATEMENT OF CASE

These proceedings were commenced in the United States District Court for the Central District of California on complaints for infringement of three utility patents 3,890,655; 3,890,656; and 3,949,499 on whirlpool jet improvements of the sole inventor, Cleo D. Mathis, the patent owner. The three complaints for infringement were filed in a short space of time in 1980-81 claiming infringement by each of the defendants copying the Mathis' im-

provements of whirlpool jets manufactured and sold on behalf of the defendants.

The defendants each have denied infringement and patent validity. The suits against all of the defendants were consolidated for trial in the District Court.

The proceeding below also involved a Cleo D. Mathis design patent D244,462 on a whirlpool jet. The design patent was dedicated to the public by Mr. Mathis prior to the trial in the District Court.

The whirlpool jet improvements that are the subject of the three Mathis utility patents all relate to different specific structural parts for facilitating the mounting of a whirlpool jet on a bathtub or similar water vessel and to minimize the space required for the air and water supply lines immediately adjacent the periphery of a water vessel having a plurality of the Mathis patented type of whirlpool jets mounted to the bathtub to the end that a whirlpool jet or hydrotherapy system can be installed on any bathtub, including on an existing tub in a home or residence without moving the tub due to Mr. Mathis's patented improvements.

The entire whirlpool jet industry, as well as each of the Respondents, have copied the Mathis' patented structures. The copyists include the pioneer in the industry, the Jacuzzi company. Each of the three Mathis' utility patents include patent claims that define specific improvements to whirlpool jets not found in any other whirlpool jet known to Mr. Mathis. No prior art whirlpool jet was known to Mr. Mathis to be capable of functioning in the manner of each of his patented structures.

The District Court, after a court trial, rendered her brief ruling on June 13, 1983, (A. p. 111a-116a) indicating her conclusions of validity of the three Mathis' utility patents as invalid under 35 USC 102, 103 and 112, and unenforceable for inequitable conduct before the Patent Office.

No other opinion was rendered by the trial court. The District Court also awarded each of the prevailing parties their reasonable attorneys' fees and costs (A.p. 100a-111a). The announced ruling was based, in part, on the defendants' proposed, pre-trial Findings of Fact and Conclusions of Law. The specific basis for the District Court's conclusions of validity was not stated at the time of the ruling, or at any other time. The only portion of the District Court's ruling in 1983 that was clear was stated by her as follows:

> "Now, I want you to know that the testimony about the Parr patent is very important, and the tests are a very important part of the decision that I made. So I accept the comments that Mr. Jessup made about the Parr patent." (A.p. 114a)

In 1986 the District Court adopted substantially verbatim the Findings of Fact and Conclusions of Law submitted in 1983 by the prevailing parties. Three separate judgments as to patent invalidity and granting each of the defendants their attorneys' fees were entered on March 21, 1986. (A.p. 100a-111a)

An important fact is that patent counsel Robert Comstock, a sole practitioner, solely represented the inventor, Mr. Mathis, until his death, prior to the commencement of the litigation, and therefore was unavailable for any purpose. Mr. Mathis was inexperienced in patent matters but testified at the trial in good faith. (A.p. 35a) Mr. Mathis revealed his understanding of the "undisclosed information" to Mr. Comstock.

During the appeal proceedings the defendants/appellees filed a joint responsive brief, which included a Supplemental Appendix, including a number of pre-trial documents. The Appellants moved to strike portions of Appellees' Brief and Supplemental Appendix as being beyond the issues determined by the District Court (A.p. 8a-10a) In opposing Appellants' Motion to Strike, the Appellee

made an important admission as to the *incomplete* nature of the District Court's Findings of Fact that the Appellees had prepared. (A.p. 12a-13a) Appellees represented that the stipulated facts were an important part of the facts relied on by the trial court. Appellees insisted that the Federal Circuit *must* consider the pre-trial, stipulated facts by indicating:

> "This Court cannot fully evaluate the trial court's decision without the benefit of the stipulated facts." (A.p. 13a)

Appellants' Motion was denied by a deputy clerk of the Federal Circuit (A.p. 15a). The findings are further deficient by a further admission by the Appellees' counsels' abandonment in their responsive Brief of the substance of finding No. 43 establishing the law of gravity as prior art. (A.p. 67a-68a, 51a-52a)

The Federal Circuit ruled only on the issues of inequitable conduct as to the three utility patents in suit by affirming the lower court and affirming the award of reasonable attorneys' fees and costs to each of the defendants. In affirming the District Court, *the Federal Circuit summarized* and redefined certain facts that it considered were found by the District Court and found other facts de novo that were technically erroneous facts; i.e., contrary to the parties stipulated facts in the trial court. Rule 52(a) was not mentioned, nor were any findings identified by number or analyzed as to the underlying facts. (A.p.2a-4a)

The Federal Circuit found that certain information not disclosed by Mr. Mathis' counsel to the Patent Office would have been "important" to a Patent Examiner in considering the Mathis patent applications and thereby established the "materiality" of the information per the present day Rule 1.56 of the Patent and Trademark Office along with the 1986 rationale of *A. B. Dick Co.*, Supra, interpreting the Rule. The inequitable conduct as to undisclosed information was based on Mathis and his attorney being

"grossly negligent" and, therefore, satisfying the threshold "intent." No findings of the lower court were referred to by the Federal Circuit.

The Appellants in the Federal Circuit followed through their attack of the District Court's Findings of Fact in their Briefs and oral argument before the Federal Circuit as being based on an erroneous view of the law and the application of the facts thereto. (A.p. 37a-47a) The findings were further attacked as *not* being supported by the evidence. This attack on the Findings of Fact was directed to all the issues in the three patents, including the issues relevant to inequitable conduct. In view of the Respondents' admissions in the Federal Circuit, it is clear that the District Court's findings are incomplete and the Federal Circuit rendered a decision without all the facts before them.

U.S. Patent 3,890,655

The basic claim, claim 1, of this Mathis '655 patent defines the structural organization of a whirlpool jet so that the jet can be mounted to the wall of a bathtub or similar water vessels without any fasteners of any type and is automatically adjustable to different tub wall thicknesses. Once the back portion of the jet is mounted through an aperture in the tub wall or the "blind" side, the installation of the jet can be completed solely from the inside of the tub by securing the jet outlet to the back side of the jet to complete the installation of the entire jet. Claim 1, a detailed claim, includes this novel feature by the recitation in the patented claim in column 4, line 33, et seq. as:

> ". . . to mount said jet on the bathtub without any fastening members being connected to the bathtub, the threaded engagement between said water outlet and housing providing automatic adjustment of said jet to fit various thicknesses of bathtub walls."

The foundation for this claim language "without any fastening members" is found in column 4, lines 1-3, of the '655 patent by the following language:

> "It should be noted that the device of the present invention requires no screws or other fastening members to be attached to the tub."

This statement is repeated in column 3, line 55—column 4, line 2 of the Mathis '656 patent and, again, in column 4, lines 52-54, of the Mathis '499 patent.

The other patent claims in issue in the '655 patent are dependent on claim 1 and include further features of the whirlpool jet construction.

U.S. Patent 3,890,656

The basic claim 1 of this patent covers a whirlpool jet assembly of a plurality of jet housings mounted in spaced relationship on a bathtub wall. The claim characterizes the jet housings as:

> ". . . having a transversely directed water inlet opening and an adjacent transversely directed air inlet opening . . ." (column 4, lines 11-13)

so that the water supply pipes on the exterior of the bathtub are:

> ". . . directly connected to each of said water inlet openings without fittings, . . ." (column 4, lines 15-17)

and the exterior air supply pipes are :

> ". . . directly connected to each of said air inlet openings without fittings, . . ." (column 4, lines 18-21).

Dependent claim 2 recites the necessary means for completing the whirlpool jet system and the structural design for draining the water from within the whirlpool jet system

after the whirlpool jet system is turned off. This feature is recited as:

> "The bottom of said water inlet opening of each of said housings being disposed above the bottom of said mixing chamber, whereby said water supply pipe is completely drained into said mixing chamber after each use." (col. 4, l. 34-38).

The remaining patent claims are dependent on claims 1 and 2 and all recite further improvements in the Mathis whirlpool jets.

U.S. Patent 3,946,499

The basic claim 1 of this patent covers a whirlpool jet mountable on opposite sides of the wall of a water vessel in accordance with the Mathis teachings in the '655 and/or '656 patent in combination with a specially designed spanner wrench. The water outlet mounted on the inside wall of the bathtub is provided with a pair of spaced openings to receive the spanner wrench and allow the jet parts to be secured from only the inside of the tub.

Dependent claims 8 and 9 provide for optional configurations for supplying air to the jet body.

Dependent claim 10 provides for the use of the whirlpool jet on opposite sides of a concrete wall by means of extensions for the jet body and jet nozzle.

U.S. patents 3,890,656 and 3,946,499 were granted as the applications were originally filed. The same patent examiner processed the 3 Mathis applications.

The District Court

A model of a prior patented structure proffered as a replica of the drawing in the Parr et al patent 1,526,179 to establish its operation as a whirlpool jet was demonstrated during the trial. Tests were *secretly* run a number of months prior to trial and recorded on video tape with

defendant's (patent law) expert conducting the tests. The tests were never disclosed to the Plaintiffs prior to trial to afford a fair understanding of the replica by Plaintiffs' technical experts; Finding of Fact No. 13. (A.p. 58a-59a)

The Plaintiffs' experts (patent and technical) and the inventor, Mr. Mathis, testified on the basis of the information disclosed in the Parr et al patent directed to the necessary structures for aerating a fish tank. In the very limited time afforded for examination of the replica, viewing of the videotape during the trial, and the "working replica" of the Parr device (an inherently unfair procedure), the Plaintiffs' experts pointed out the specific differences between the Parr patent disclosure and the "working replica" and the reasons the "replica" had the ability to produce a different action than that clearly contemplated by the Parr et al patent disclosure.

The trial judge, who was untrained in patent matters, apparently assumed a working replica could be constructed from the patent drawings, and there was a direct correspondence between the replica and the patent drawings. The Plaintiffs' experts were considered by the trial judge as incredible, apparently on the basis that "seeing is believing" and adopted Finding of Fact No. 13 and completely, erroneously, ignored Plaintiffs' evidence.

The Court announced the manner in which the prevailing parties were to prepare the findings of fact and conclusions of law and how the objections were to be processed as follows:

> "Yes, yes. Here is what I want to do:
>
> I want you to submit the findings and conclusions to me. I want that within a relatively short period of time. What you do is you take the ones that you gave me, you line out the things which—obviously you have to take out all the portions on infringement. Then you give Mr. DaRin what-

ever length of time he wants to consider them. He has to file nothing by way of objection. Then we will go through the ones to which you have an objection, Mr. DaRin, because it is too much trouble to start writing things again. It won't be any trouble to you because you just have to take what you already submitted;" (A.p. 115a).

The Plaintiffs' counsel was afforded an opportunity to object to the prevailing parties' Findings and Conclusions. The District Court judge, however, limited the objections of Plaintiffs' counsel on the issue of fraud and inequitable conduct by stating:

"The Court: Now, when you get to this part on fraud and inequitable conduct, you can sum that up, can't you:

"Mr. DaRin: Right, and I think at least the recent cases from the Court of Appeals help me in that regard.[1]

"The Court: I don't think we need to go into these.

"Mr. DaRin: Okay.

"The Court: I think that fraud is something that I have to deal with.

"Mr. DaRin: Correct.

"The Court: And the conclusions of law do not trouble you. It is the findings of fact

[1] The cases from the Court of Appeals referred to were the Federal Circuit decisions on "fraud"; namely, *Orthopedic Company Inc. v. All Orthopedic Appliances, Inc.* 707 F.2d 1376, *1383*, 217 USPQ 1281, 1286 (Fed. Cir. 1983); *DuPont v. Berkeley & Co.* 620 F.2d 1247, *1274*1275, 205 USPQ 1,23 (C.A.8 1980) *SSIH Equipment, S.A. v. U.S. International Trade Commission and Stewart Warner*, 718 F.2d 365, *378*, 379, 218 USPQ 678, 689-90 (Fed. Cir. 1983) (A.p. 1343, line 11- page 1344, line 6).

> upon which they are based, I mean, your point is you can't come to those conclusions of law because you have no facts upon which to base them."

"Mr. DaRin: Right." (A.p. 139a-140a)

The procedure for disposing of the objected to Findings, as announced by the Court, hereinabove, was *never* resorted to by the lower court.

The evidence in the trial court included the fact that the Jacuzzi and Hayward companies (the source of the undisclosed information), as well as the defendants, both changed their whirlpool jet designs to incorporate all of the features patented by Mr. Mathis in claims 1 of both the '655 and '656 patents.

Federal Circuit

In a 5-page decision, *summarizing* what appeared to the Federal Circuit to be the lower court's Findings of Fact, rendering additional findings "de novo" and citing the Federal Circuit decisions, non-existent at the time of trial in 1983, and those not considered by the trial judge, the Federal Circuit affirmed. (A.p. 2a) The recent decisions of the Federal Circuit established standards for inequitable conduct before the PTO that were only vaguely defined prior to the grant of the three utility patents. The Findings as to "materiality" per 37 CFR 1.56 were adopted without proper legal analysis of the Findings of the lower court.

The Federal Circuit's judgment of reducing the case down to the issue of "inequitable conduct" has expunged the real basis for the lower court's ruling as a whole, namely, the evidence on the Parr et al patent. The summary treatment of the issue of "materiality" of the non-disclosed information was without proper reference to any one patent, or a patent claim that related the undisclosed information to the claimed invention or the information

considered by the PTO to establish "materiality" (as the Federal Circuit has soundly condemned District Court judges for doing). The Federal Circuit ignored the provisions of 37 CFR 1.56(b) as to an inventor's satisfying his duty of disclosure by disclosure to his counsel, as Mr. Mathis did. The lower court's findings also failed to specifically consider 37 CFR 1.56(b). Mr. Mathis testified at the trial, along with other witnesses, in good faith to establish the lack of materiality of the undisclosed information. In addition, the admission of the defendant's counsel as to the *deficiencies* of the *facts* disabling the evaluation of the lower court's judgment was not mentioned by the Federal Circuit. The Federal Circuit's finding "de novo" was contrary to stipulated Fact No. 64—the Jacuzzi (and Hayward) jets were supplied water and air through "tees." (A.p. 28a). Although the Appellees' counsels' committed legal suicide in admitting the deficiencies in the findings as noted hereinabove, the Federal Circuit ignored the admissions in focusing on inequitable conduct. Furthermore, the Appellants' objections to the Findings and Conclusions of Law re Rule 52(a), including the fact that findings were not supported by the evidence, was ignored by the Federal Circuit.

REASONS FOR GRANTING OF THE WRIT

I. The Court Should Issue The Writ Of Certiorari In This Case Because The Federal Circuit's Affirmance Of The Trial Court On The Issue Of Inequitable Conduct Was Clearly A Retrospective Application Of Present Day Standards Of Conduct For Applicants Before The Patent Office, Only Recently Announced By The Federal Circuit, That Impairs Vested Patent Rights In Violation Of The Due Process Clause Of The Constitution, As Recognized By The First Circuit And An Early Decision Of The Federal Circuit Apparently No Longer Followed, But Not Overruled, To Prevent Manifest Injustice And To Avoid Future Errors.

The Patent Office Rule 1.56 relied on by the Federal Circuit was adopted by the PTO on January 28, 1977. The patents in issue were all filed in the Patent Office and granted before the adoption of Rule 1.56 (37 CFR 1.56) in its present form. (A.p. 152a-153a)

Immediately prior to the existence of the Federal Circuit, the First Circuit, in a well reasoned decision, considered the issue of fraud on the PTO relative to the present day and prior Patent Office Rule 1.56 in *Digital Equipment Corp. v. Diamond* 653 F.2d 701, 210 USPQ 521 (CA-1, 1981). The First Circuit made it clear that the application of Rule 1.56 as promulgated in 1977, to the conduct of Patent Office applicants prior to the creation of the regulation is improper. The learned First Circuit also noted that the 1977 regulation adopted a definition of "materiality" that is more expansive than applied in prior "Fraud Cases;" *Digital*, Supra, Note 17 on page 716 of 653 F.2d; pages 537-538, including note 17 of 210 USPQ.

The Federal Circuit through Judge Rich adopted the reasoning of *Digital Equipment* in *American Hoist & Derrick Co. v. Sowa & Sons, Inc.* 725 F.2d 1350, 1362, 220 USPQ 763, 772 (CAFC 1984).

In one of its first cases dealing with the issue of fraud on the Patent Office, or inequitable conduct, the Federal Circuit reviewed 37 CFR 1.56(a) and recognized that the Court was "not at liberty . . . to apply the present day standard retroactively in this case, . . ." (patent granted in 1969) *Connell v. Sears, Roebuck & Co.* 722 F.2d 1542, 1551, 220 USPQ 193, 201 (Fed. Cir. 1983).

Subsequently, the Federal Circuit applied the 1977 definitions of 37 CFR 1.56 to pre-1977 patent applications and patents, as in the case of the Mathis patents herein. Apparently, ignoring the fact that the PTO rule was ambiguous as to an applicant's duty of disclosure prior to the 1977 change, the Federal Circuit has taken the position that the rule is a mere codification of prior case law. It is true that this Court in *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816, rehearing denied 325 U.S. 893, 65 USPQ 133, (1945) established that a patent applicant and his attorney have a duty to the PTO to bring information to their attention that is "material" and which duty is absolute and uncompromising. This decision was based on the equitable doctrine of unclean hands on very specific facts. The rhetoric of the *Precision Instrument*, Supra, case provides *no* standards to guide applicants for patents and their attorneys for avoiding a charge of fraud or inequitable conduct in soliciting patents.

The Federal courts have recognized, as late as 1980, that there cannot be, nor has there been, any exact interpretation of the "duty of candor" owed by a patent applicant, as set out in *Precision Manufacturing Co.*, Supra, in *Pfizer, Inc. v. International Rectifier Corp.*, 545 F. Supp. 486, 535-538, 207 USPQ 397, 435 (C.D. Cal. 1980), aff'd. 685 F.2d 357 (CA-9, 1982) after reversal by the Eighth Circuit in *Pfizer vs. International Rectifier Corp.* 538 F.2d 180, 185-187, 193-194, 190 USPQ 273, 277-279, 286 (CA-8, 1976).

Unlike the oaths executed by Mr. Mathis with his patent applications (35 USC 115), (A.p. 147) the present day PTO rules require an "acknowledgment" by the inventor of his duty to disclosure per Rule 1.56 in Rule 1.63(b-3) (A.p. 153a-154a).

The public interest is clearly at issue since it has been a source of great concern to the patent bar that conduct before the PTO will be retrospectively labeled fraudulent or inequitable based on a hindsight evaluation of the prior conduct; note "Patent Litigation: Procedure & Tactics," Vol. 3 by R. A. White, pages 8A-21-8A-23.

A. The Court Should Issue The Writ Of Certiorari In This Case On The Issue Of Inequitable Conduct As The Federal Circuit Only In 1984 Provided Specific Standards For Evaluating Conduct Before The Patent Office, But Yet Different Panels Have Interpreted The Standards Differently In The Retrospective Application Of The Present Day Standards. Accordingly, There Is An Immediate Special Need For Nationwide Uniformity Which The Federal Court Is Not Providing.

The Federal Circuit in the 1984 decision of *J. P. Stevens & Co. v. Lex Tex Ltd.*, 747 F.2d 1553, 1559, 223 USPQ 1089, 1092 (Fed. Cir. 1984) adopted the broader label of "inequitable conduct" rather than "fraud on the PTO" to identify a breach of the duty of candor to distinguish from common law "fraud." This eliminated the defense of "good faith" that was previously available in "fraud" allegations.

The District Court judge considered the decisions of the Ninth Circuit controlling in this patent case per her Conclusion of Law No. 1; note Conclusions Nos. 34-37, 39-42 re inequitable conduct. (A.p. 92a-95a) The Federal Circuit's decisions that were rendered during the lengthy period these cases were under submission, that significantly changed the law, were not considered by the trial judge. Among these cases was the 1984 important case of *J. P. Steven & Co.*, Supra. This *Stevens* decision was basic to

the affirmance, along with the overly expansive view of the Federal Circuit announced in 1986 as to inequitable conduct in *A. B. Dick Co. v. Burroughs Corp.*, 798 F.2d 1392, 1398, 230 USPQ 849, 854 (Fed. Cir. 1986).

The end result is that all inventors' conduct before the PTO in the 1970's and later has been and will be evaluated, retrospectively, under present day standards that vary with the panels of the Federal Circuit. The *A. B. Dick*, Supra, decision ignores the realities of the practise of patent lawyers and agents before the PTO and the fact that the "undisclosed" material did not affect the validity of the patent. This retrospective application of the present day standards impairs all vested patent rights granted prior to *A. B. Dick*, Supra.

The Patent Bar has criticized the *A. B. Dick* rationale and some members of the Bar have concluded the Federal Circuit has gone too far, while others see the erosion of the Patent System.

In addition, since different panels of the Federal Circuit have interpreted the criteria set out in *J. P. Stevens*, Supra, differently the present day patent grants are even more suspect and indefensible to the patentees, thereby negating the constitutional provision for advancing the practical arts.[2] This position was recognized by the First Circuit in *Digital Equipment Corp.*, Supra, but ignored by the Federal Circuit, page 716 of 653 F.2d, page 538 of 210 USPQ.

What should be abundantly clear at this point is that the standards for evaluating inequitable conduct are con-

---

[2] The litigation in the District Court consumed approximately 6 years of the 17 year patent grant, 35 USC 154, all to the advantage of the infringers. This in itself frustrates the constitutional provisions of protecting inventors. Approximately 3 years of the 6 covered the period the cases were under submission. During this period Mr. Mathis' original patent law expert passed away and the technical expert at trial passed away. Justice was delayed and denied.

fused since the Federal Circuit panels interpret the standards differently calling for clarification NOW.

The Federal Circuit's summary of the facts of record on page 3 of their Opinion is clearly erroneous. (A.p. 3a) The prior art Jacuzzi and Hayward jets did not have "the supposedly patentable features" of the subject matter of claim 1 of both the '655 and '656 patents. In fact, the prior art designs of these two competitors' products were changed to include both the features of claim 1 of '655 and the novel features of claim 1 of '656 Mathis patents many years after the grant of the Mathis patents when the subject matter of these separate claims is taken "as a whole" as required by this Court in *Graham v. Deere*, 383 U.S. 1. These factors were not evaluated by any one court re "materiality" under the *Lex Tex*, Supra, standards.

A respected writer in the patent field has also criticized the decisions of the Federal Circuit as to "inequitable conduct" leading to unpredictable results, implication of the morals of good faith of a party, and inquiry into the quality of prior legal representation leading to the necessity of testimony by counsel; "Patent Law and the Presumption of Moral Regularity: A Critical Review of Recent Federal Circuit Decisions on Inequitable Conduct and Willful Infringement", Donald S. Chisum, Journal of the Patent & Trademark Society, January, 1987, Vol. 69, No. 1, pages 27-46.

The courts have recognized that a patent infringer is permitted to sidestep the main issues of patent validity and infringement by their conduct in asserting patent unenforceability; *Digital Equipment Corp. v. Diamond*, Supra, page 726 of 653 F.2d, 547 of 210 USPQ citing *Pfizer v. International Rectifier Corp.*, Supra, page 196 of 538 F.2d, pages 286-287 of 190 USPQ.

Patentees and applicants before the Patent and Trademark Office are entitled to a thorough examination of the validity of their contributions and their conduct before the

Patent and Trademark Office should be of secondary importance in light of a prior conclusion of invalidity as recognized by the CCPA in *Norton v. Curtiss*, 433 F.2d 779, 795, 167 USPQ 532, 544-45 (CCPA 1970)

Only then can the issue of inequitable conduct be properly evaluated in terms of the metes and bounds of the patent claims and the prior art of record, as the Federal Circuit recognized in *Kimberly Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1454-55, 223 USPQ 603, 616 (Fed.Cir. 1984). The Federal Circuit indicated in *Kansas Jack v. Kuhn*, 719 F.2d 1144-1151-52, 219 USPQ 857, 861 (Fed. Cir. 1983)—the fact finder must evaluate all of the facts and circumstances in each case (i.e., in each patent).

Both lower courts in considering the retrospective application of Patent and Trademark Office Rule 1.56 have ignored subdivision (b) of the Rule as to disclosure by an applicant to his patent counsel to the extent of penalizing the inventor for his attorneys' judgment. The Rule clearly states that the duty of disclosure of an applicant shall be satisfied by disclosure to his patent counsel or agent and such an attorney or agent has no duty to transmit information which is not material to the examination of a patent application, 37 CFR 1.56(b) (A.p. 152a) The *Digital* court did not approve placing the entire burden of proper disclosure on an inventor not versed in patent law; Note 25 on page 720 of 653 F.2d; Note 25 on pages 541-42 of 210 USPQ, Supra. The oaths executed by Mathis in the 70's were not in accordance with present day Rule 1.63(b-3). (A.p. 154a)

Mathis' patent counsel was not available to testify as to his reasoning on materiality or intent as in *Laitram Corp.*, Supra. The hindsight, speculative evaluation by the lower court resulted in injustice to this inventor and will to similarly situated novice inventors in the future. In this case, the inventor was a novice to the whirlpool jet art

as well as to patent law, as the patents in suit evidence his first excursions into both of these fields.

B. No Novice Inventor, Unskilled In Patent Law, Who Relied On His Patent Counsel To Obtain A Patent For Him Should Be Charged With Inequitable Conduct Under Any Standards When It Is Impossible To Obtain The Testimony Of The Patent Counsel To Explain His Actions Of Non-Disclosure

The Federal Circuit's decision drew the inference that the inventor was attempting to place the blame on his deceased attorney and claiming ignorance and then cited 37 CFR 1.56(a) not (b). A key element in being able to draw a negative inference against a party—Mathis—is that it must be shown that Mathis had the power to produce Mr. Comstock. Obviously he did not; *Chicago College of Osteopathic Medicine v. Geo A. Fuller Co.* 719 F.2d 1335, 1353 (CA-7, 1983).

The PTO recognizes that inventors per se are not expected to be experts in patent law. Cannot the inventor's conduct exhibit ignorance as to patent matters rather than gross negligence?-YES.

In the factual area of errors of omission in failing to inform the PTO of prior art known to the attorney or the applicant, the recent cases indicate that both the courts and the PTO, prior to the Federal Circuit, are likely to respect that judgment, *even if it was wrong*, including the following cases: *Tokyo Shibaura Electric Co. v. Zenith Radio Corp.* 404 F. Supp. 547, 188 USPQ 55 (D. Del. 1975); affirmed 548 F.2d 88, 193 USPQ 73 (CA-3, 1977) (The attorney died and superior did not review application in detail) *Reinke Mfg. Co. v. Sidney Mfg. Corp.* 446 F. Supp. 1056, 199 USPQ 401 (D. Neb. 1978); affirmed 594 F.2d 644, 201 USPQ 344 (CA-8, 1979) (Inventor testified he disclosed relevant art to his attorneys.) The Federal Circuit followed suit, and, early on, recognized that an erroneous judgment made in good faith is insufficient to prove the

threshold intent required to establish inequitable conduct; see page 1560, 747 F.2d page 1092 of 223 USPQ, *Lex Tex*, Supra, and *Hycor Corp. v. Schlueter Co.* 740 F.2d 1529, 1540, 222 USPQ 553, 561-562 (Fed. Cir. 1984).

Enough mud was thrown at the inventor to give the trial judge the opportunity to conclude his hands were unclean—the trial counsel so evaluated the trial judge and she performed admirably. Judge Rich did not explain what was the error in disclosing the information to counsel and why his hindsight evaluation of the information should control other than referring to *A. B. Dick*, Supra, as the law. The underlying facts were not evaluated as required by this Court, under Rule 52. The only analysis of the claims and the prior art was by the prevailing parties' counsel and the trial judge ignored the Mathis evidence and objections. Claim 1 of the '655 patent defines specifically over the Hayward jet for purposes of validity and there is *no material* information disclosed or undisclosed, as to all of the claims of the '656 patent for either the purposes of validity or inequitable conduct, for example.

II. The Need For Review Of The Issues Relating To Rule 52(a) Raised By Questions 2 And 3

A. The Court Should Issue The Writ Of Certiorari In This Case Under The Supervisory Authority Of U.S.S.C. Rule 17 Because The Federal Circuit's Affirmance Of The Trial Court Is Grounded Upon A Total Disregard Of The Requirements Of F.R. Civ. P. Rule 52(a), The Prevailing Parties' Admitted Deficiencies Of The Findings, As Well As The Federal Circuit Improperly Making Factual Findings (Erroneous Facts) And Thereby Ignoring The Pronouncements Of This Court To Prevent Manifest Injustice In the Future.

Quite a few years ago, the mechanical adoption of the prevailing parties' findings were condemned by this Court as not revealing the discerning line for decision of the basic issues in *United States v. El Paso Natural Gas Co.* 376 U.S. 651, 656, 12 L. ed. 2d 12, 84 S. Ct. 1044 (1964).

In fact, this Court denounced this procedure by trial judges as an abandonment of their duty and trust placed on the judges by Rule 52. In sum, it has been indicated as follows:

> "When these findings get to the courts of appeals, they won't be worth the paper they are written on as far as assisting the Court of Appeals in determining why the judge decided the case." footnote 4, page 656 of 376 U.S.

As noted herein the STATEMENT OF THE CASE, even the drafters of the findings confessed they were deficient. It is respectfully submitted that this is exactly what has occurred in this patent case and occurs in many, many patent cases. As noted hereinabove, no opportunity was given to Respondent's counsel to object to the prevailing parties' proposed findings on the dispositive issue of inequitable conduct. The trial judge's failure to permit (her announced) hearing on the objections to the inequitable conduct findings and failure to recognize and follow the Federal Circuit's decisions, along with the substantial adoption of the prevailing parties' findings without any consideration of the Petitioners' evidence, involves the failure of the trial judge to perform her judicial function and amounts to a *denial* of due process.

The failure to the trial court and the Federal Circuit to evaluate the information known and considered by the patent examiner relative to that not known to him as important to the validity evaluations of each patent in suit and also as to what information would have been "important" to a patent examiner for the evaluation of inequitable conduct under the Federal Circuit's present day standards so that due process required a remand to the trial court and not affirmance by the Federal Circuit; see *Chicopee Mfg. Corp. v. Kendall Co.* 288 F.2d 719, 129 USPQ 94 (CA-4, 1961). The Federal Circuit compounded the denial of due process by attempting to summarize the facts and establish facts de novo, including erroneous facts,

contrary to this Court's pronouncements. The review of the factual findings under Rule 52(a) would have revealed that a "reasonable fact finder" would not accept them in light of the record in its entirety; *Anderson v. Bessemer City* 470 U.S. ___, 84 L.ed. 2d 518, 106 S.Ct. ___ (1985) and *Icicle Seafoods, Inc. v. Larry Worthington et al* 475 U.S. ___89 L. ed. 2d 739, 106 S. Ct. ___(1986).

The summary of the facts by the Federal Circuit did reveal, however, that the "Stipulated Facts" which were not included in the trial court's Findings and the admission of Respondent's counsel in the Federal Circuit were ignored. In fact, the de novo findings of the Federal Circuit were, technically, erroneous and contrary to the parties' stipulated facts; see '655 patent hereinabove and Fact No. 64 (A.p. 28a)

In the second paragraph of page 3, Judge Rich summarized the lower court's findings regarding the Model 548 Spa. An analysis of this whirlpool jet structure would have revealed that the jet structure was a step backward in the art, as evidenced by the background discussion in the '656 patent relative to the subject matter of the claims of the '656 patent, taken as a whole, and, therefore, the validity and enforceability should have been established. Without a proper analysis required by Rule 52 and the pronouncements of this Court relative thereto, the adoption of the lower court's findings were erroneous or a gross miscarriage of justice in these cases.

The design patent was dedicated to the public before trial. The trial judge permitted the defendants to prove invalidity and encumbered the record and Findings of Fact with documents that were not relevant; i.e., Finding 89 lists 300 invoices without addressing the fact that most of the invoices were within the one year statutory period, and, therefore, of no legal consequence.

The Federal Circuit, in its infinite wisdom, referred to the "finding of intent cannot be clearly erroneous given

the sheer volume of information not disclosed." It would appear that the "sheer volume" must refer to the invoices on the design patent and the "sheer volume" was not relevant to the design patent. Did the Federal Circuit have in mind Conclusions of Law 43 and 46? (A.p. 96a-97a) Furthermore, the design patent was excluded from the Federal Circuit's consideration; see page 2 of the Opinion (A.p. 2a).

The Federal Circuit has recognized that "inequitable conduct" as to one patent cannot taint patents obtained earlier merely because they are interrelated, *SSIH Equipment S.A. v. U.S. International Trade Commission et al* 718 F.2d 365, 378-79 218 USPQ 678, 689, 690 (Fed. Cir. 1983). The lower court's Findings and Conclusions of Law No. 46 (A.p. 97a) are to this effect but were not rejected by the Federal Circuit, nor was the summary of the facts established to support such a conclusion. A design patent and a utility patent, on their faces, are different in kind. The District Court apparently did not evaluate this Federal Circuit decision and the facts of the patents prior to adopting Conclusion of Law No. 46.

The attempt by the Federal Circuit to equate claim 1 of each of patents Nos. '655 and '656 to "one of the supposedly patentable features" is meaningless since the two claims define different combinations of elements, neither of which is in the "known Jacuzzi jet." (A.p. 3a)

As a result of the summary approach to the Findings of Fact, it would clearly appear that the Federal Circuit could not affirm the trial court without re-writing the deficient Findings and writing some of their own, all contrary to the spirit of Rule 52(a) and this Court's decisions.

To permit Courts of Appeal to share more actively in the fact-finding function tends to undermine the legitimacy of the District Courts in the eyes of litigants, multiply appeals by encouraging appellate retrial of some factual issues, and needlessly reallocates judicial authority. The

public interest can be best promoted by recognizing that the trial court, not an appellate tribunal, should be the finder of the facts, thereby leading to stability and economy in the judicial process. Trial courts should adopt Findings based on an evaluation of both parties' evidence, not only the prevailing parties' evidence.

Petitioner submits that the Federal Circuit has strayed too far from the accepted and usual course of judicial proceedings in this case and has sanctioned such a departure by the trial court and this Court should grant the Petition pursuant to this Court's Rules 17.1 and 17.2 to correct this conduct as it calls for an exercise of this Court's power of supervision per Rule 17.1(a).

III. The Need For Review Of The Issues Raised By Question 4 Is Necessary To Prevent A Gross Miscarriage Of Justice

A. The Court Should Issue The Writ Of Certiorari In This Case Because The Federal Circuit's Affirmance Of The Trial Court, Solely On The Issue Of Inequitable Conduct, Incorporated An Erroneous Approach Based On The Erroneous Approach By The Trial Judge, Based On The Erroneous Patent Claim Interpretation And Erroneous Interpretation Of The Cited And Uncited Prior Art By The Counsel Of Prevailing Parties.

Fundamental to any evaluation of inequitable conduct is the correct interpretation of each of the three patents in issue and, in particular, the patent claims in issue from the standpoint of the information considered by the PTO. The Federal Circuit recognized that Fraud cannot consist of a failure to duplicate what is in the file wrapper; *Environmental Designs, Ltd. v. Union Oil Co. of Calif.* 713 F.2d 693, 698, 218 USPQ 685, 870 (Fed. Cir. 1983). Again, in 1984 in *American Hoist & Derrick Co. v. Sowa & Sons, Inc.* 725 F.2d 1350, 1363, 220 USPQ 763, 772 (Fed. Cir. 1984), the Court stated in citing *Digital*, Supra, an applicant is under no obligation to disclose all pertinent information. This was restated by the Court in *Kimberly-*

Clark Corp. v. Johnson & Johnson 745 F.2d 1437, 1454, 223 USPQ 603, 614 (Fed. Cir. 1984). The *J. P. Stevens & Co. v. Lex Tex, Ltd.* panel stated that a reference that is cumulative to the cited art is not material, 747 F.2d 1553, 1559-60, 223 USPQ 1089, 1092 (Fed. Cir. 1984).

The *Laitram*, Supra, panel considered "important" re 37 CFR 1.56(a) for purposes of materiality from the standpoint of anticipation (35 U.S.C. 102), or "obviousness" (35 U.S.C. 103), and the absence of either statutory criteria establishes lack of materiality and thereby lack of "importance"; 785 F.2d 292, 295, 228 USPQ 935, 937 (Fed. Cir. 1986).

Yet another panel of the Federal Circuit in 1986 in considering the standards of materiality and intent in the *J. P. Stevens*, decision, Supra, relative to prior art designs that were utilized as a starting point for the patented improvements under consideration and known to the patentee and its attorney but not disclosed to the PTO goes to *intent* and not to materiality under 37 CFR 1.56. This panel considered that this evidence did not clearly and convincingly establish that a reasonable patent examiner would have considered the starting point information "important" in deciding to issue the patent; *Pacific Furniture Mfg. Co. v. Preview Furniture* 231 USPQ 67, 69 (Fed. Cir. 1986).

The *Pacific Furniture*, Supra, rationale parallels the facts with respect to the Mathis '655 patent, namely, the Hayward jet, was considered as the starting point—the whirlpool jet Mathis found unsatisfactory for his purposes and commenced to improve on and did improve on as testified to extensively by Mr. Mathis. The findings of the trial court describe the difference covered by claim 1 of the '655 patent; see Findings 10, 15 and 20 (A.p. 57a-59a,61a) The trial court found the differences "obvious" without any analysis under 35 USC 103 (in *finding* No. 15) as required by this Court in *Graham v. Deere*, Supra.

Similarly, claim 1 of the '656 patent is redefined in Finding No. 30. (A.p. 64a) The prior art referred to in the Mathis specification relative to claim 1 of the '656 patent is intentionally misconstrued in Finding No. 38 (A.p. 67a) to support the claim of inequitable conduct and attorney fees. Similarly, the Model 548 structure was redefined to establish invalidity and inequitable conduct per Findings 39 and 44. (A.p.67a-68a) In fact, the Mathis specification describes the prior art that is an improvement over the method of supplying water and air to the whirlpool jets in his Model 548 Spa as recognized by the statement in Finding No. 38. (A.p. 67a)

The *A. B. Dick* panel, Supra, stated their understanding of the language of 37 CFR 1.56(a) as simply "important to a reasonable examiner" contra the aforementioned interpretations by the above noted panels. Unlike the *Laitram*, Supra, panel, the *A. B. Dick* panel flatly stated that materiality is *not* whether there is anticipation or obviousness; page 1397 of 798 F.2d, page 853 of 230 USPQ. This now places the burden on an applicant and his patent counsel to disclose *all* known information whether the Examiner has knowledge of it or not and whether the Examiner has cited it or not and whether or not counsel considers it material; thereby *all* known information *now* is "important" under Rule 1.56.

The PTO Rule 1.56 defines "important" as to a "reasonable examiner." There is no standard in the rule or anywhere to define a "reasonable examiner" or the level of skill of an Examiner to permit proper interpretation of the "importance" to the Examiner under Rule 1.56. An Examiner's evaluation of the prior art and an applicant's invention varies with the level of skill and experience of the individual Examiner and his particular familiarity with the class of inventions falling within his assigned expertise, as does evaluation of patent counsel. Is the Examiner one of "ordinary" skill of the art, higher or lower than the skill? A valid decision as to an Examiner's skill is not

unlike the skill of the art required under a 103 obviousness evaluation required by this Court in *Graham*, Supra. Any other approach results in a hindsight evaluation by the Courts as to information never revealed to the reasonable Examiner.

The Federal Circuit opinion clearly indicated that it did not reach the issues under 35 U.S.C. 102, 103 and 112 in the opening paragraph of its opinion (A.p. 2a).

Judge Markey highlighted the "tricks of the trade" that are resorted to by some patent trial lawyers to obtain their desired results in *Panduit Corp. v. Dennison Mfg. Co.* 1 USPQ 2d 1953 (Fed. Cir. 1987). Petitioner submits that patents, patent claims and prior information should be fully examined and properly interpreted on the basis of the entire record or all evidence in order to reach a valid judgment on inequitable conduct.

Petitioner submits that in all patent cases involving inequitable conduct that the record cannot be properly evaluated as to undisclosed information per se without establishing properly, (1) the claimed subject matter, (2) the prior information of record, and (3) the relationship of the cited and uncited information as to the claimed subject matter "as a whole." If the trial court's decisional approach is of the type condemned by Judge Markey, the same approach can make any undisclosed known information appear "important" under Rule 1.56 to establish materiality and therefore the isolation of a single issue should be condemned by this Court as it is inequitable to patentees who have made a valuable contribution to society, as in these cases.

B. The Erroneous Interpretation Of The Patents In Suit, The Claims In Issue, And The Lack Of Review Of The Cited And Uncited Art Has Approved The Trial Counsel's Improper Erroneous Conclusions Authenticated By The Trial Court's Lack Of Appreciation Of The Petitioner's Evidence.

What Judge Markey has condemned in *Panduit*, Supra, has occurred in this case. The claims were reduced to shorthand expressions such as to "sandwiching" re claim 1 of '656, restricted the claim language of claim 1 of '655 to "screws and similar fasteners" to encompass the Hayward Jet "nut" and thereby read out of the claim "without any fastening members being connected to the bathtub" which is not descriptive of the Hayward "nut." The discussion of the prior art use of T-fittings disclosed in the Mathis '655 patent has been re-interpreted to establish the infringer's position and without reference to the actual state of the prior art as established by the record. Similarly, the language of claim 1 of the '656 patent as to plural jets being "directly connected" . . . "without fittings" has been reconstructed by the prevailing parties in terms of the prior art.

The trial court's Finding of Fact No. 15, (A.p. 59a) on its face, is contrary to the conclusion reached by the Federal Circuit on page 3 of its Judgment, that the Hayward and Jacuzzi jets are installed without extraneous fastening devices, since the finding itself indicates that the Hayward jet uses a "flanged nut" (a fastening device) and its location *on* the tub. As the finding also makes clear, reference to anticipation and obviousness with regard to 35 U.S.C. 102 and 103 are integrally related to the finding which the District Court adopted and which the Federal Circuit has redefined on page 3 of its Opinion.

The inventor acknowledged the lack of disclosure to the Patent Office by his patent counsel of the Hayward jet and the fact that it was the prior art he improved upon and there was extensive testimony by him and his wit-

nesses in the trial court that was overlooked with regard to this matter. It is respectfully submitted that in following this Court's evaluation of an invention, the proper consideration and evaluation of the claim language would result in a completely different result than the evaluation of the claimed subject matter based on erroneous unilateral interpretations. Judge Markey recognized that erroneous patent claim interpretation requires REMAND; page 1603 of 1 USPQ 2d.

The decisional approach in the trial court and in the Federal Circuit permits the destruction of every patent and subjects every inventor and patent applicant to a claim of inequitable conduct, particularly in view of the Federal Circuit's rationale in *A. B. Dick Co.*, Supra, by penalizing *every* lack of disclosure of information known to an inventor, whether or not it affects the validity of the patent, thereby frustrating Congress' effort to effectuate its constitutionally granted powers and the intent of the framers of the Constitution. This appraoch renders the costs of obtaining patents, and litigating patents, particularly to independent inventors, prohibitive.

The same Mathis patents were before the PTO in an attempt to obtain a trademark registration on the configuration of the venturi body per se. The same Federal Circuit panel affirmed the decision (unpublished) of the Trademark Trial and Appeal Board in denying the registration on the grounds that included the fact the Mathis structure was of a superior design; *In re Vico Products Mfg. Co., Inc.* 229 USPQ 364, 367, 368 (TTAB 1985), reconsideration denied 229 USPQ 716, 718 (TTAB 1986).

The errors of law committed by the trial court are too numerous to discuss in this Petition, but a reading of the short Opinion of the Federal Circuit leaves no room for doubt that the conclusions are based on the erroneous facts and conclusions of the trial court, compounded by further erroneous fact findings by the Federal Circuit whereby a

gross miscarriage of justice has been committed and will continue to be committed without a change in the decisional approaches ordered by this Court.

Petitioners are entitled to more than the ready adoption of the prevailing parties erroneous interpretations of the lower court.

CONCLUSIONS

For these various reasons, this Petition for Certiorari should be granted. The decisions of the trial court and the Federal Circuit would impose a manifest injustice on Mr. Mathis, and Mr. Mathis accordingly prays, most urgently, that the Writ of Certiorari be issued.

In view of the conflict of the decision below with the past decisions of this Court, and the conflict in the decisions of the numerous Federal Circuit panels, the Court may wish to consider summary reversal.

Respectfully submitted,

EDWARD J. DARIN
EDWARD J. DARIN, INC.
301 East Colorado Blvd., Ste. 518
Pasadena, CA 91101

Attorney for Petitioners

Supreme Court, U.S.
FILED
JUN 9
JOSEPH F. SPANIOL, JR.
CLERK

86 1966 (2)

No. 86-

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

CLEO D. MATHIS and VICO PRODUCTS MANUFACTURING CO., INC.

Petitioners,

vs.

HYDRO AIR INDUSTRIES, INC., GERALD MORELAND, BILL SPEARS, WATERWAY PLASTICS, INC., B & S PLASTICS, INC. dba WATERWAY PLASTICS, and PHILIP E. CHALBERG, ROBERT WEYGAND, HYDRABATHS,

Respondents.

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

EDWARD J. DARIN
EDWARD J. DARIN, INC.
301 East Colorado Blvd.,
Suite 518
Pasadena, CA 91101
(818) 793-0689

Attorney for Petitioners

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

151 PP

INDEX TO APPENDIX

	Page(s)
Opinion of Court of Appeals for the Federal Circuit	1a
Order Denying Rehearing	6a
Excerpts from Appellants' Motion to Strike Portions of Appellees' Brief and Supplemental Appendix in Support of Appellants' Attack on the Findings of Fact	8a
Excerpts from Appellees' Opposition to Appellants' Motion to Strike Portions of Appellees Brief and Supplemental Appendix Evidencing Appellees' Admissions in the Court of Appeals of the Incomplete Nature of the Trial Court's Findings of Fact and the Need for the Omitted Stipulated Facts	11a
Order for Striking pages from Appellees' Brief and Supplementary Appendix	14a
Pre-Trial Stipulation of Facts Excerpted from Appellees' Joint Responsive Brief	16a
Excerpts from Opening Brief of Appellants Showing How the Attack on the Trial Court's Findings of Fact and Conclusions of Law Were Raised and Preserved.	37a
Excerpts from Appellants' Reply Brief Illustrating Appellees' Inability to Substantiate and Abandonment of the Basis for the Trial Court's Finding of Fact No. 43 re Claim 2 of the Mathis '656 Patent.	48a
Findings of Fact and Conclusions of Law of the District Court for the Central District of California	54a
Three Identical and Separate Judgments of the District Court	100a
Ruling of Trial Court After Trial	111a
Plaintiffs' Objections to Defendants' Joint, Proposed Findings of Fact and Conclusions of Law Showing How the Attack on the Findings and Conclusions of Law was Raised	117a

Provision of the Constitution of the United States Article I, Section 8, Clause 8 ..... 143a

Title 35 of the United States Code Sections 101, 102, 103, 111, 112, 115, 154, 282, 285 ..... 144a

Federal Rules of Civil Procedure Rule 52(a) 150a

Title 37—Patents, Trademarks and Copyrights, Rules of Practice in Patent Cases, Rules 37 CFR 1.31, 1.51, 1.56 and 1.63 ..... 151a

Note: This opinion will not be published in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal No. 86-1181.

CLEO D. MATHIS, an individual,

Appellant,

v.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual,

Appellees,

Appeal No. 86-1224.

CLEO D. MATHIS, an individual and VICO PRODUCTS PRODUCTS MANUFACTURING CO., INC., a corporation,

Appellants,

v.

BILL SPEARS, an individual, d.b.a. WATERWAY PLASTICS AND WATERWAY PLASTICS, INC., a corporation,

Appellees.

Appeal No. 86-1182.

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,
Appellants,

v.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals, and HYDRABATHS, a corporation,
Appellees.

DECIDED: February 13, 1987

Before MARKEY, *Chief Judge,* RICH, *Circuit Judge,* and *BALDWIN, Senior Circuit Judge.*

RICH, *Circuit Judge.*

DECISION

The three related March 20, 1986, judgments of the United States District Court for the Northern (errata entered) District of California holding that all claims of Patents Nos. 3,890,655, 3,890,656, and 3,946,449, all entitled "Whirlpool Jet for Bathtubs," are invalid under at least one of 35 USC 102, 103, and 112 and unenforceable for inequitable conduct are *affirmed* with respect to those portions of each judgment holding all the claims of each patent unenforceable and awarding reasonable attorney fees and costs to the defendants. We do not reach the other issues.

OPINION

Inequitable Conduct

The duty on the part of a patentee and his attorney to bring to the PTO's attention information they are aware

of which is material to the examination of the application is absolute and uncompromising. *See, e.g., Precision Instrument Mfg. Co.* v. *Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816, *reh'g denied*, 325 U.S. 893 (1945); *J.P. Stevens & Co.* v. *Lex Tex Ltd.*, 747 F.2d 1553, 1560, 223 USPQ 1089, 1093 (Fed. Cir. 1984), *cert. denied*, 106 S. Ct. 73 (1985). The district court found that Mathis failed to disclose to the examiner: (1) the Hayward and Jacuzzi jets and knowledge that those jets are installed without extraneous fastening devices and need not be installed using tees; (2) his own Model 548 Ultraspa; (3) knowledge of a prior art spanner wrench and prior uses of his own spanner wrench; and (4) that concrete extension pipes were commonly discardable in the art.

The court further found that: (1) Mathis knew of the Hayward jet and that it was identical to Hayward jets Mathis knew to be available to the public in 1971; (2) he knew of the jet made by Jacuzzi that contained one of the supposedly patentable features of the subject matter of claim 1 of both the '655 and '656 patents; (3) the Model 548 spa was constructed by plaintiff himself, did not use "fittings," and was sold well over a year before filing any of the applications; (4) he was aware of a spanner wrench used for automobiles before developing his first wrench prototype and that the aluminum wrench in public use was more similar to that claimed in the '449 patent than to the automobile wrench; and (5) that the concrete extension pipes commonly used in certain swimming pools were discardable in the same way as that claimed in the '449 patent.

Based on all of the above, the court found that the information not disclosed was material. Mathis' arguments to the contrary do not approach showing this finding to be clearly erroneous. There is no doubt an examiner would have considered this information important. Indeed, the evidence at trial was that this information bore heavily on the validity of the claims, although that much need not

be shown to prove materiality. The information need only be important to an examiner faced with deciding whether to allow the application to issue. *See A.B. Dick Co.* v. *Burroughs Corp.*, 798 F.2d 1392, 1398, 230 USPQ 849, 854 (Fed. Cir. 1986).

Given the materiality of the undisclosed information, the court properly found that, at the least, Mathis and his attorneys were grossly negligent and showed a reckless disregard for the truth. Gross negligence on the part of the patentee or his attorney is enough, although more was shown here. *See Orthopedic Equipment Co.* v. *All Orthopedic Appliances*, 707 F.2d 1376, 1384, 217 USPQ 1281, 1287 (Fed. Cir. 1983). This finding of intent cannot be clearly erroneous given the sheer volume of information not disclosed to the examiner, the fact that Mathis argued the novelty of a claimed feature during prosecution which he knew was disclosed by the Hayward jet, and Mathis' failure to disclose other information he was intimately familiar with. Furthermore, Mathis' attempt to exonerate himself and save his patents by placing the blame on his now deceased attorney and by claiming ignorance is unavailing. 37 CFR 1.56(a).

Having found the foregoing, the district court judge properly brought her judicial discretion to bear and appropriately concluded, as a matter of law, that Mathis and his attorney engaged in inequitable conduct. *See American Hoist & Derrick* v. *Sowa & sons*, 725 F.2d 1350, 1364, 220 USPQ 763, 773 (Fed. Cir.), *cert. denied*, 469 U.S. 821 (1984).

Attorney Fees

Based on the conclusion of inequitable conduct during prosecution, the abuses of discovery by Mathis—specifically failing to produce relevant documents—, and the fact that Vico representatives gave inconsistent testimony about their efforts to locate and produce documents, the court

was convinced that Mathis showed a reckless disregard for the truth, found the case "exceptional" as provided in 35 USC 285, and exercised her discretion to award reasonable attorney fees to each of the three defendants. Mathis has not shown that the finding that this case is exceptional is clearly erroneous or that the court abused its discretion in awarding fees.

We do not, however, award attorney fees to appellees for defending this appeal.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal No. 86-1181

CLEO D. MATHIS, an individual,

Appellant,

v.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual,

Appellees.

Appeal No. 86-1224

CLEO D. MATHIS, an individual and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Appellants,

v.

BILL SPEARS, an individual, d.b.a. WATERWAY PLASTICS and WATERWAY PLASTICS, INC., a corporation,

Appellees.

Appeal No. 86-1182

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Appellants,

v.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals, and HYDRABATHS, a corporation,

Appellees.

Before Markey, *Chief Judge*, RICH, *Circuit Judge*, and BALDWIN, *Senior Circuit Judge*.

ORDER

A petition for rehearing having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

FOR THE COURT

/s/ Francis X. Gindhart
Francis X. Gindhart, Clerk

3/11/87
Date

cc: Mr. Edward J. DaRin
Mr. James B. Bear
Mr. Leonard Tachner
Mr. Richard S. Koppel

Excerpts from Appellants' Motion to Strike Portions of Appellees' Brief and Supplemental Appendix in Support of Appellants' Attack on the Findings of Fact

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

APPEAL NO. 86-1181

CLEO D. MATHIS,

Appellant,

v.

HYDRO AIR INDUSTRIES, INC., *et al,*

Appellees,

APPEAL NO. 86-1182

CLEO D. MATHIS *et al,*

Appellants,

v.

PHILIP E. CHALBERG *et al,*

Appellees,

APPEAL NO. 86-1224

CLEO D. MATHIS *et al,*

Appellants,

v.

BILL SPEARS *et al,*

Appellees,

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT
OCT 31 1986

* * * *

Supplemental Appendix
A Joint appendix was filed in this Court by the parties. The contents of the Appendix are governed by Federal Rule of Appellate Procedure 30(a) and this Court's Rule 12. The Appellees have included in their Brief a 97-page "Supplemental Appendix," including annotated Findings of Fact and Conclusions of Law, certain exhibits, and certain pre-trial documents. Apparently, counsel for Appellees are now dissatisfied with their preparation of the Findings of Fact and Conclusions of Law and require further documentation to support them.

This Court's Rule 12 clearly governs the contents of the Appendix and delineates what should be excluded "other than by leave or Order of this Court." No such leave or Order has been sought by the Appellees.

The documents, such as the pre-trial Stipulations and annotated Findings of Fact and conclusions of Law are in the nature of Briefs and Memoranda, which are specifically excluded by rule 12 of this Court. The pre-trial Stipulation is in the nature of Admissions, which were apparently merged into the Appellees' Findings of Fact and Conclusions of Law, and therefore would be redundant. These items should be struck from the Supplemental Appendix accompanying the appellees' Brief and should not be considered by this Court.

In addition, "tab 2" of said Supplemental Appendix relates to a Schindler patent 3,693,194. the Schindler patent was not relied on by the lower Court in her validity de-

termination. In announcing her ruling on June 13, 1983, the trial judge specifically excluded the Schindler patent as a basis for making a Finding of Fact, as evidenced by page 1320 from the Joint Appendix that is attached hereto for the Court's convenience. The lower Court considered that there was a mistake in the Schindler patent, as evidenced by her attached remarks, and that is the reason for not utilizing the Schindler patent as a basis for her Findings of Fact. The Appellants' witnesses testified that the whirlpool jet, as disclosed in Fig. 4 of the Schindler patent, was inoperative, and the Defendants' counsel conceded at trial that it was inoperative as disclosed. The Schindler patent should be eliminated from consideration on this Appeal as outside the lower court's ruling.

* * * *

Excerpts from Appellees' Opposition to Appellants' Motion to Strike Portions of Appellees Brief and Supplemental Appendix Evidencing Appellees' Admissions in the Court of Appeals of the Incomplete Nature of the Trial Court's Findings of Fact and the Need for the Omitted Stipulated Facts

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Appeal No. 86-1181

CLEO D. MATHIS,

Appellant,

v.

HYDRO AIR INDUSTRIES, *et al.*,

Appellees.

Appeal No. 86-1182

CLEO D. MATHIS *et al.*,

Appellants,

v.

PHILIP E. CHALBERG *et al.*,

Appellees.

Appeal No. 86-1224

CLEO D. MATHIS *et al.*,

Appellants,

v.

BILL SPEARS *et al.*,

Appellees.

* * * *

B. SUPPLEMENTAL APPENDIX

1. Pre-Trial Stipulated Facts

A large number of facts which had been mutually stipulated by the parties in the Pre-Trial conference Order were included in the supplemental Appendix attached to Appellees' Brief. Appellants object to this on the grounds that the Stipulated Facts are "in the nature of Briefs and Memoranda", "in the nature of Admissions", and redundant over the Findings of Fact and Conclusions of Law.

This objection is totally incomprehensible. The whole purpose of the Stipulated Facts was to simplify the trial and to avoid the necessity for taking testimony in areas where stipulations had been reached. the stipulated facts are a basic part of the evidentiary record upon which the trial court based its decision. In some cases the stipulated facts may be even more pertinent than the oral testimony given at trial; oral testimony given by one side can be rebutted by testimony from the other side, whereas stipulated facts by definition state the factual situation as agreed upon by both sides.

The briefs by both sides included numerous references to the transcripts of oral testimony, to show support in the record for the assertions in the briefs. the Stipulated Facts were included in the Supplemental Appendix for exactly the same purpose. To exclude them would be to

wipe out an important part of the factual record which formed the basis for the decision below.

Briefs and memoranda are not permitted in the Appendix without leave or order of this Court because they are argumentative in nature and may not further a review of the factual underpinnings for the decision being reviewed. The Stipulated Facts clearly are not argumentative, since they were agreed to by both sides of the litigation. This Court cannot fully evaluate the trial court's decision without the benefit of the Stipulated Facts.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

APPEAL NO. 86-1181

CLEO D. MATHIS,

Appellant

v.

HYDRO AIR INDUSTRIES, INC., *et al.*

Appellees

APPEAL NO. 86-11821

CLEO D. MATHIS *et al,*

Appellants

v.

PHILIP E. CHALBERG *et al,*

Appellees

APPEAL NO. 86-1224

CLEO D. MATHIS *et al,*

Appellants

v.

BILL SPEARS *et al,*

Appellees

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT
NOV 5 1986
FRANCIS X. GINDHART
CLERK

ORDER ON APPELLANTS' MOTION FOR STRIKING PAGES FROM APPELLEES' BRIEF AND SUPPLEMENTARY APPENDIX

DENIED NOV 5 86
For the Court
/s/ Diane Frye, Chief Deputy Clerk

Pre-Trial Stipulation of Facts Excerpted from Appellees' Joint Responsive Brief
FILED
AUG 2 1982

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Civil Action No. 80-1389-MRP (Px)

CLEO D. MATHIS, an individual,
Plaintiff,
vs.

HYDRO AIR INDUSTRIES INC., a corporation, and GERALD MORELAND, an individual
Defendants.

Civil Action No. 80-4481-MRP (Px)

CLEO D. MATHIS, an individual and VICO PRODUCTS MANUFACTURING CO., INC. a corporation,
Plaintiffs,
vs.

BILL SPEARS, an individual, d.b.a. WATERWAY PLASTICS, WATERWAY PLASTICS, INC., a corporation, and B & S PLASTICS, INC., a corporation,
Defendants.

Civil Action No. 81-1631MRP (Px)

CLEO D. MATHIS, an individual and VICO PRODUCTS MANUFACTURING CO., INC., a corporation

Plaintiffs,

vs.

PHILIP E. CHALBERG and ROBERT WEYGAND individuals, and HYDRABATHS, a corporation

Defendants.

PRE-TRAIL CONFERENCE ORDER

V. the following facts are admitted and require no proof.

A. THE PARTIES

1. CLEO D. MATHIS, an individual, is a resident of Hacienda Heights, California, and is the owner of the three patents in suit that have been granted in his name as the sole inventor.

2. VICO PRODUCTS MANUFACTURING CO., INC., is a California corporation having its principal place of business in El Monte, California.

3. The defendants are:

a. Civil Action 80-1389

1. HYDRO AIR INDUSTRIES, INC., is a corporation having a place of business in Orange, California.

2. GERALD MORELAND, an individual, is a resident of Garden Grove, California.

b. Civil Action No. 80-04481

1. BILL SPEARS, an individual, is a resident of Agoura, California..

2. Prior to filing the present action, WATERWAY PLASTICS, INC., was a corporation doing business in San

Fernando, California, as "WATERWAY PLASTICS". WATERWAY PLASTICS, INC., is the predecessor of B & S PLASTICS, INC., a corporation doing business in San Fernando, California as "WATERWAY PLASTICS" and continuing the business of WATERWAY PLASTICS, INC.

c. Civil Action No. 81-1631

1. PHILIP E. CHALBERG, an individual, is a resident within the jurisdiction of this Court.

2. ROBERT WEYGAND, an individual, is a resident within the jurisdiction of this Court.

3. HYDRABATHS is a corporation having a regular and established place of business in Santa Ana, California.

4. the defendants and principals of HYDRABATHS, PHILIP E. CHALBERG and ROBERT WEYGAND, are ex-employees of VICO PRODUCTS MANUFACTURING CO., INC.

5. In addition to the whirlpool jet products manufactured by Waterway Plastics to the order of Hydro Air Industries, Waterway Plastics manufactures and sells whirlpool jets to the order of other customers. These products have been manufactured for HYDRO-DYNAMICS BATH SYSTEMS CORP., PREMIER PUMP, G & G INDUSTRIES, CONGER BROS., and ANZEN PRODUCTS.

B. PATENTS IN SUIT

6. The patents in issue with respect to validity and infringement are:

a. U. S. Patent No. 3,890,655, granted on June 24, 1975 to Cleo D. Mathis and entitled "Whirlpool Jet for Bathtubs". The '655 patent was based on a U. S. Patent Application bearing Serial No. 392,046 and filed on August 27, 1973. Cleo D. Mathis is still the owner of the entire right, title and interest in said patent.

b. U. S. Patent No. 3,890,656, granted on June 24, 1975 to Cleo D. Mathis and entitled "Whirlpool Jet for Bath-

tubs". The '656 patent was based on a U. S. Patent Application bearing Serial No. 470,369, filed on May 16, 1974 as a continuation-in-part of application Serial No. 392,046, which was filed on August 27, 1973 and issued as the '655 patent. Cleo D. Mathis is still the owner of the entire right, title and interest in said patent.

c. U. S. Patent 3,946,449, granted on March 30, 1976 to Cleo D. Mathis and entitled "Whirlpool Jet for Bathtubs". The '499 patent was based on a U. S. Patent Application bearing Serial No. 563,795, filed March 31, 1975 as a continuation-in-part of applications bearing Serial Nos. 392,046 and 470,369, which were filed respectively on August 27, 1973 and May 16, 1974, and issued respectively as the '655 and '656 patents. Cleo D. Mathis is still the owner of the entire right, title and interest in said patent.

7. The claims in issue of the patents in suit are:

1. 3,890,655 patent
   Claims 1, 2, 6 and 7
2. 3,890,656 patent
   Claims 1-5
3. 3,946,449
   Claims 1, 8, 9 and 10

8. Record of Cleo D. Mathis patents before the Patent Office:

a. '655 PATENT

This earliest filed application was examined by the Patent Office and resulted in the rejection of all of the originally filed claims based on the teachings of the prior art. The Patent Examiner cited eight prior art patents in support of his position.

In responding to the action from the Patent Office, Cleo D. Mathis' counsel cancelled all of the original claims and submitted a new set of seven claims.

Upon re-examination of the patent application, the Examiner considered all of the newly submitted claims allowable and allowed them. These seven claims are identical to the seven patent claims.

b. '656 PATENT

The patent application as filed included five original claims. Examiner Artis handled this application as well as the one for the '655 patent and allowed all of the five claims upon the initial examination. The Examiner cited the same eight prior art patents in the record which he cited in the '655 patent. The five patent claims are identical to the originally filed claims.

c. '449 PATENT

The original application was filed with eleven claims, and all of the claims were found allowable by Examiner Artis upon initial examination. The Examiner cited the same eight prior art patents which he cited in the '655 and '656 patents, with the addition of Patent No. 3,672,532. The eleven patent claims are identical to the originally filed claims.

9. An additional patent in issue with respect to the enforceability of the above three patents is the design Patent No. 244,462, granted on May 24, 1977 to Cleo D. Mathis and entitled "Whirlpool Jet Nozzle for Bathtubs and the Like". The design patent was based on an application filed on November 24, 1975, bearing Serial No. 634,496. This patent was dedicated to the public on December 10, 1981.

C. MATHIS WORK ON VENTURIS

10. Cleo Mathis began development of his venturi jets in April 1971.

11. Exhibit 207 is an aluminum jet which is a sample of the first prototype of the Vico jet products. It was made shortly after the first sale of jets in accordance with Exhibit 206.

12. The prototype jet shown in Exhibit 210 was made in 1971.

13. Six prototypes, in accordance with Exhibit 210, were manufactured by Cleo Mathis.

14. Two prototypes were manufactured in accordance with Exhibit 211, but were never actually mounted on bathtubs.

15. Exhibit 211 was built by Whitey Williams, as was a prototype shown in Exhibit 212.

16. Twelve prototypes, in accordance with Exhibit 212, were made.

17. The prototype in accordance with Exhibit 213 was built by Cleo Mathis himself.

18. The prototype shown in Exhibit 214 was the first of the prototypes shown in Exhibit 205 in which water and air could be plumbed to plural jets without fittings except for the venturis and the pipe itself.

19. Exhibit 215 is an invoice showing the purchase of a sheet of PVC from Ryerson Steel on November 30, 1973. Exhibit 214 was made either from the sheet purchased under Exhibit 215, or just prior thereto.

20. The prototype shown in Exhibit 214 was made prior to January 30, 1974.

21. Prototypes manufactured prior to the prototype shown in Exhibit 214 supplied air to the venturi in a manner similar to that used in the Jacuzzi part shown in Exhibit 209.

22. A prototype, in accordance with Exhibit 216, was first made after the prototype shown in Exhibit 214.

23. The prototype shown in Exhibit 217 was made after the prototype shown in Exhibit 216.

24. Exhibit 218 is a prototype made for the purpose of injection molding, which prototype was provided to Waterway Plastics.

25. Exhibit 218 was personally made on a drill press by Cleo Mathis.

26. The prototype shown in Exhibit 242 was developed after the prototype of Exhibit 207 and before the prototype of Exhibit 210.

27. Exhibit 210 was made by Cleo Mathis no later than May 27, 1973.

28. The round bar stock used for making Exhibits 211, 212, and 242, was purchased on May 23, 1973.

29. Exhibit 214 was made no later than November 29, 1973.

30. Exhibit 219 was made by Cleo Mathis no later than December 4, 1974.

31. Exhibit 220 was made no later than October 27, 1974.

32. Exhibit 248 evidences the purchase of brass bar to build Exhibits 211, 212, and 242, which bar was received on or about May 22, 1973.

33. At the time that Exhibit 221 was filed, the best embodiment of the device was made of brass as opposed to plastic, as indicated by the use of the phrase "soldering" in the specification.

34. Exhibits 235 and 236 are Polaroid photographs made of a prototype unit at the Vico facility which includes brass jets as shown in Exhibits 210, 211, and 212.

35. Exhibits 239 and 240 are Polaroid photographs of prototypes at the Vico facility using prototype jets as shown in Exhibit 213.

36. Exhibits 237 and 238 are Polaroid photographs of a prototype tub at the Vico facility, including venturis as shown in Exhibit 214.

D. MATHIS WORK ON SPANNER WRENCH

37. When prototypes were manufactured in accordance with Exhibit 211, Cleo Mathis also made an aluminum wrench (shown in Exhibit 264) with two pins to fit into the holes in the head of the jet of Exhibit 211 and a square part for receiving a wrench for tightening the head.

38. With the aluminum wrench used by Cleo Mathis during his early experimentation, the wrench could be first used for hand-tightening of the jet head on the prototype units, and then could be used with a wrench to tighten the head further.

39. Exhibits 258 and 259 are wrenches manufactured by or for Vico Products.

40. Exhibit 264 is a sketch drawn by Cleo Mathis, showing an aluminum wrench which was used to tighten the heads on early prototypes of the Mathis jet.

41. On Exhibit 264, the portion marked "hex" would accept a standard socket wrench.

42. The portion labeled "hex" in Exhibit 264 could be rotated by hand.

43. The aluminum spanner wrench made by Cleo Mathis which is shown in Exhibit 264 was used on the hydrotherapy bath unit submitted to Los Angeles City for approval on October 12, 1973.

E. PRIOR ART

44. Whirlpool jets were known in the art for use with bathtubs, therapy tanks swimming pools and the like before the inventions of Cleo D. Mathis. A whirlpool jet generally receives water under pressure from a suitable source and air from a suitable source, and mixes them to

emit a combination of water and air into a water vessel such as a bathtub, tank or pool. The pressurized air and water mixture results from the well known venturi principle, causing air to be drawn into the whirlpool jet and mixed with the pressurized water and discharged from the jet. The mixed water and air is emitted in an agitated condition. The water and air mixture may be directed to a particular portion of a bather's body for hydrotherapy purposes.

45. The venturi jet manufactured by Jacuzzi and exemplified by Exhibit 209 is prior art to the patents in suit.

46. The Jacuzzi jet exemplified by Exhibit 209 is attached to the wall of a bathtub by placing the head through the wall of a bathtub, placing a gasket on the back side, and screwing a nut up onto the head to hold the head in place. Thereafter, the venturi is screwed into the back of the head to mount the venturi on the wall of the tub.

47. The mounting of the Jacuzzi venturi exemplified by Exhibit 209 permitted an adjustment for varying bathtub thicknesses.

48. In normal plastic pipe construction using a solvent, the solvent attacks the surface area and fuses the two surfaces together. The surfaces mix together in the manner that you would mix paint, a different process from gluing.

49. The gasket shown in Exhibit 223, the '449 Patent, is similar to the gasket on the Hayward Jet, Exhibit 241.

50. The Kane advertisement, comprising the last two pages of Exhibit 287, was published in 1971.

51. The Kane advertisement is prior art to all of the patents in suit, namely, the '655 patent, the '656 patent, and the '449 patent.

52. The following are prior art to each of the patents in suit:

Ultra-Spa Model 548 as illustrated in DX-204, and DX-204 itself

Jet illustrated in DX-206

DX-241

DX-281

DX-287 (Kane patent only)

DX-289 and Jet No. 10, Tee No. 7, and Model 23 illustrated therein

DX-291, 292, 293

DX-321, 322, 323

DX-329B, C (329A could not be located)

DX-330

DX-331A, B

DX-332

DX-333A, B, C, D

DX-334

DX-335

DX-336

DX-338

DX-339

DX-340

DX-341

DX-342

DX-343

DX-345

Jet illustrated in DX-346

DX-350

DX-351

Spanner wrenches illustrated in DX-367

53. The following are prior art to Patent No. 3,946,449:

DX-341

Jets referred to in DX-388, Invoices 6576, 6736, 6846

54. Prior to 1971, Defendants' Exhibits 291, 292, and 293 were bonded together, by solvent cementing, for use as a subassembly, and this subassembly is prior air to all of the patents.

55. When the subassembly of Exhibits 291, 292, and 293 was installed in a gunited pool, using one technique in common usage more than one year prior to the filing of the patents in suit:

A. Exhibit 294 was glued to Exhibit 293 and was long enough to extend from Exhibit 293 to a location within the swimming pool.

B. The pool was gunited to form the pool wall.

C. The gunite, before curing, was scooped away around Exhibit 294.

D. After the gunite had cured, Exhibit 294 was cut off so that Exhibit 295 could be glued to Exhibit 294 with the flange of Exhibit 295 flush with the ultimate plaster wall.

E. The pool gunite wall was plastered, to fill in the scooped out hole around Exhibit 294 and to finish the pool wall flush with the flange on Exhibit 295.

56. When the subassembly of Exhibits 291, 292, and 293 was installed in a gunited pool, using a second technique in common usage more than one year prior to the filing of the patents in suit:

A. Exhibit 294 was glued to Exhibit 293 and was long enough to extend from Exhibit 293 to a location within the swimming pool.

B. The pool was gunited to form the pool wall.

C. Exhibit 294 was cut off to be flush with the plaster line of the pool.

D. The pool was plastered flush with the cut-off of Exhibit 294.

57. DX-291 through 295 were in public use as an assembled unit prior to 1972.

58. Exhibit 241 includes a removable orifice which can be installed in either of two reversed positions. In one of these two reversed positions, the jet orifice would stick out further toward the tub wall than in the other position.

59. Exhibit 241 will function if the orifice is screwed only partially into the jet. In this condition, the function of the jet will not change, but the distance between the orifice and the tub wall will change through approximately one-half inch.

F. MATHIS KNOWLEDGE OF PRIOR ART, AND STATE OF MIND AT TIME OF FILING PATENT APPLICATIONS

60. At the time that Cleo Mathis developed the prototype as shown in Exhibit 211, he was familiar with automobile parts which included a pair of holes similar to those in the head of Exhibit 211 for receiving a spanner wrench. This wrench looked like a pair of pliers with two pins for insertion into the holes to tighten the part.

61. At the time that Cleo Mathis began the development of his jets in 1971, he was aware that the Hayward unit of the type illustrated by Exhibit 241 was available.

62. At the time of filing his patent application, Exhibit 260, Cleo Mathis was aware of holes, similar to the open-

ings 30 on Figure 3 of the patent (Exhibit 221), for receiving a spanner wrench in other applications than hydrotherapy jets.

63. Cleo Mathis is aware of the fact that a standard installation technique for a main drain in a bathtub involves the use of a clamping nut on the outside of the bathtub and a flange on the inside of the bathtub which clamp the main drain fitting on the bathtub wall, and that faucets are usually attached to a bathtub wall in a similar manner, all of which he knew at the time he filed his patent application, Exhibit 260.

64. A Jacuzzi jet of which Cleo Mathis was aware at the time of building his first prototype, Exhibit 207, used a venturi to draw air into the water flow, and thus mixed air and water and supplied air and water to the jet through the use of tees, which permitted the interconnection of three jets on a bathtub to common air and water supply pipes.

65. Exhibits 208 and 209 fairly represent to Jacuzzi jets known to Cleo Mathis in 1971 prior to his construction of his initial prototype, Exhibit 207.

66. A connection of multiple jets in a tub by using tees and surrounding pipe, solvent cemented into the tees, was known to Cleo Mathis in 1971.

67. The Hayward venturi, Exhibit 241, was purchased by Cleo Mathis approximately six years ago and is identical to the Hayward venturis which were available and known to him when Cleo Mathis began working on his whirlpool bath system in 1971.

68. At the time the patent application for Patent No. 3,890,655 was filed, Cleo Mathis was aware of Jacuzzi, Hayward, and Master jets on the market at that time, including the Hayward jet of the type identified as Exhibit 241.

69. The Hayward jet, Exhibit 241, was installed using slip socket tees for connection to through-waterlines and through-airlines.

70. The Hayward jet, Exhibit 241, included a direction adjustment eyeball fitting.

71. The Hayward jet, as shown in Exhibit 241, included a nut threaded onto the head to clamp the bathtub wall between the nut and head flange to hold the unit in place on a bathtub.

72. The clamping nut in the Hayward jet, Exhibit 241, had the capacity to adjust for different wall thicknesses.

73. The jets shown in Exhibit 321 were manufactured prior to the filing of the first of Cleo Mathis' jet patents, and he acquired Exhibit 321 when he was working on his jets.

74. Exhibit 322 shows a jet which was in existence at the time that Cleo Mathis was working on his jet products, and he was aware of its existence at that time.

75. Exhibit 323 is a brass venturi which Cleo Mathis was aware of before he filed his patent applications and which was manufactured by Pool Equipment. This equipment includes a removable orifice.

76. In 1970, it was a common practice in installing the water discharge pipe into a gunited swimming pool to extend the pipe as much as a foot beyond the final inside wall of the pool, then to gunite the pool, and then cut the water discharge pipe off to length at the ultimate plaster line to avoid burying the discharge line within the gunite. Cleo Mathis was aware of this fact before he filed the patent application which resulted in Exhibit 223.

77. It was Cleo Mathis' opinion at the time of filing the applications which resulted in Design Patent No. 244,462 that the sale of large jets to Bill Warren, evidenced by DX-401, would not have any effect on the design appli-

cation because the equipment was not actually shipped until February 1975.

G. VICO SALES AND PUBLIC USES

78. Exhibit 204 is a brochure regarding a Model 548 combination bathtub, whirlpool bath, shower and steam room, manufactured by Vico Products, which brochure was distributed to the public no later than April 1975.

79. The combination whirlpool bathtub and sauna conforming to Exhibit 204 was sold, as evidenced by Exhibit 203, to Bob Reussor Homes, Inc. on April 3, 1971.

80. Exhibit 206 is a one-sheet drawing prepared by Cleo Mathis, showing the jet which was included with the sale of Exhibit 204, evidenced by the invoice, Exhibit 203.

81. Tubing used for the 548 unit sold in 1971 was purchased from McLaughlin Steel on December 30, 1970.

82. Exhibit 249 is an invoice from McLaughlin Industrial for piping used to plumb the first 548 spa.

83. Exhibit 250 is a statement from Lee's Plumbing Company's dated February 10, 1971, for the purchase of copper tubing used in the construction of the 548 spa which was obtained on or about February 10, 1971.

84. Exhibit 251 shows the shipment of the first 548 unit to Bob Reussor Homes and the contract agreement for that purchase.

85. The Model 548 combination sauna/spa was shown at the 1971 National Home Builders' Show.

86. Cleo Mathis and Vico sold venturi products to Dr. Benson before receiving any venturis from Waterway.

87. The items invoiced on Exhibit 247 were shipped prior to May 24, 1974.

88. The No. 15 jet from Vico was offered for sale more than one year before the design patent application was filed in the Patent Office.

89. One-thousand-and-twenty No. 15 venturis were received from Waterway Plastics by Vico Products on October 27, 1974.

90. The whirlpool jets listed in Exhibit 388 were actually sold to Benson Whirljet on October 11, 1973, November 19, 1973, January 3, 1974, April 15, 1974, and June 24, 1974, as indicated on the invoices.

91. The jets sold to Dr. Benson on Exhibit 412 had plastic heads, and were probably like Exhibits 213/or 214.

92. The No. 15 jet was offered for sale to Bill Warren more than one year before the application for Design Patent No. 244,462 was filed.

93. Cleo Mathis received about six samples of the large jets from Waterway prior to the October 1974 volume shipment of large jets. He installed the large jets in a demonstration tank right after he received them from Waterway and after he received the demonstration tank.

94. A No. 15 jet was offered for sale and shipped to Cal Quip more than one year before the application for Design Patent No. 244,462 was filed.

H. OPERATION AND INTERPRETATION OF THE PATENTS IN SUIT

95. In Exhibit 221, at column 3, line 4, the statement regarding the sealing engagement tightness changing as the outlet 16 is tightened is in error.

96. The plain meaning of the language in Claim 1 of the '656 Patent is that it requires a plurality of jets.

97. the Vico No. 15 or "large" jet is covered by Design Patent No. 244,462.

98. As shown in Exhibit 221, the sealing pressure on the O-ring is generated by the diameter of the hole drilled in the bathtub wall, and does not change when the outlet 16 is tightened.

99. The wrench referred to at Column 2, beginning at line 65, of Exhibit 221, is an aluminum wrench fabricated by Cleo D. Mathis, a sketch of which is shown in Exhibit 264.

100. If an O-ring were installed to seal a jet in the manner shown in Figure 2 of the '656 Patent, the assembly would leak.

101. At the time of filing of the '656 Patent in May of 1974, the actual jets installed by Vico Products placed the O-ring in a different location than is shown in the '656 Patent because, as shown in the '656 Patent, the configuration would leak.

102. On either a thin-walled or a thick-walled tub, in order to seal, the O-ring must be placed between the venturi head and the outside face of the bathtub wall.

I. CONSTRUCTION, INSTALLATION AND OPERATION OF VICO'S PRODUCTS

103. Aside from the manner of supplying water and air to the jet, the jet shown in Exhibit 214 operates identically to the Jacuzzi device shown in Exhibit 209.

104. Exhibit 218 does not contain any functional improvements, as compared to Exhibits 214 or 216.

105. As to Plaintiff's jet, Exhibit 65, when it is installed in swimming pools and spas which are filled with water all of the time, it makes no difference whether Exhibit 65 is installed with the air pipe on the top or the bottom.

106. Prior to the introduction of the Vico large jet, the small Vico jets, Exhibit 220, were installed exclusively in bathtubs.

107. Installers of Vico jets are instructed that, with regard to the concrete extension, Exhibit 265, and the nozzle extension, Exhibit 267, the nozzle extension 267 is to be foreshortened only if more than three-quarters of an inch

is cut from the concrete extension 265. This occurs in an unknown number of instances with regard to normal Vico installations.

108. There is no way of determining, through an inspection of Exhibit 267, whether the item will be cut off after it is installed.

109. The use of the jet depicted in Exhibit 223, the '449 Patent, with a vertical air supply, is shown in Exhibit 274. The use of such a vertical air supply pipe is determined by the ultimate plumber or installer.

109. Exhibit 237 shows a pair of Vico jets mounted by Vico at the back end of a tub, which direct water in a non-horizontal, upwardly angled jet, with the angle being approximately thirty degrees to the horizontal.

110. There are occasions in which Vico's jets are mounted on tubs in which the supply pipes are not horizontal, as when a supply pipe extends between a higher and a lower jet.

111. The Vico hydrotherapy jets will function if the jets are turned completely upside down so that the water supply conduit is above the air supply conduit, and Cleo Mathis is aware of installations of Vico jets in this configuration.

112. Cleo Mathis is aware of installations of his hydrotherapy jets in which the water and air supply pipes are at thirty degrees from the horizontal, with the jet still properly functioning.

113. Exhibits 265 and 266 are Vico Products concrete extension and its associated surface fitting, respectively.

114. If the venturi is spaced from the ultimate gunited pool wall by a greater distance than the length of the concrete extension, Exhibit 265, a pipe is used to span the distance between the venturi and the concrete extension, Exhibit 265.

115. By examining Exhibit 265 before installation, it is impossible to determine where the extension will be cut off after installation, or whether it will be cut off at all when installed.

116. When Exhibits PX-26, DX-267, and DX-265 are assembled in the proper manner, and the assembly is installed in a gunited swimming pool in accordance with Vico instructions, Exhibit 267 is foreshortened after foreshortening of Exhibit 265 only if Exhibit 267 is less than two-and-a-half inches from the face of Exhibit 265.

J. CONSTRUCTION AND OPERATION OF DEFENDANTS' PRODUCTS

117. The gaskets used for sealing in the accused infringing devices is similar to the gasket used in the Hayward device, which is Exhibit 241.

118. Plaintiffs' Exhibit 48 is a wrench, having a generally triangular configuration, manufactured by defendant Hydro Air Industries.

119. The wrench marked Plaintiffs' Exhibit 48 does not infringe, directly or indirectly, patent No. 3,946,449.

K. APPROVALS AND CERTIFICATIONS FOR VICO PRODUCTS

120. Exhibit 245 is a letter dated July 7, 1971, from Underwriters Laboratory to Vico Products in regard to approval of a combination unit referred to as the 548.

121. Exhibit 246 is a letter from Underwriters Laboratory dated November 21,1962, to Vico Products relating to the 548 unit.

122. The jet which was mounted on the tub submitted for city approval on October 12, 1973 was the prototype shown in Exhibit 213.

123. The system submitted to Los Angeles City for approval on October 12, 1973 was a complete jetted bath system.

124. For the No. 10 jet, a complete hydrotherapy system was submitted for Los Angeles City approval, but for the No. 15 jet, only the jet itself was submitted.

L. CLEO MATHIS PERSONAL INFORMATION

125. The only formal education which Cleo Mathis has had subsequent to high school, relating in any way to whirlpool jets, was a two-week course in thermal plastics given by Ryerson Steel Company in Chicago, Illinois, and an international correspondence school course in air movement.

126. Cleo Mathis has never taken any engineering courses.

M. PATENT MARKING

127. The Vico patented devices have not been marked with the statutory patent notice.

VI. The following facts, though stipulated, shall be without prejudice to any evidentiary objection:

None.

EDWARD J. DaRIN, INC.

Date: July 26, 1982

By /s/ EDWARD J. DaRIN
Edward J. DaRin
Attorneys for Plaintiffs

JAMES B. BEAR,
KNOBBE, MARTENS, OLSON,
HUBBARD & BEAR

RICHARD S. KOPPEL
KOPPEL & HARRIS

LEONARD TACHNER
FISCHER, TACHNER & STRAUSS

By /s/ RICHARD S. KOPPEL
RICHARD S. KOPPEL
Attorneys for Defendants

APPROVED AND SO ORDERED:
this 2nd day of August, 1982.

/s/ Mariana R. Pfaelzer
U.S. District Judge

Excerpts from Opening Brief of Appellants Showing How the Attack on the Trial Court's Findings of Fact and Conclusions of Law Were Raised and Preserved

* * * *

6. Findings of Fact and Conclusions of Law (A. p. 1449-1506)

Rule 52 of F.R.Civ.P. mandates that findings of fact shall not be set aside unless "clearly erroneous." Findings that rest on an erroneous view of the law may be set aside on that basis alone. Rule 52 does not apply to conclusions of law; *Pullman-Standard v. Swint* 456 U.S. 273, 287 (1982); *W. L. Gore & Associates, Inc. v. Garlock, Inc.* 721 F.2d 1540, 1547, 220 USPQ 303, 308 (Fed. Cir. 1983), cert. denied 105 S. Ct. 172 (1984). In this case, the trial judge erroneously adopted the defendants' view of the applicable law in Conclusions of Law No. 1 (A. p. 1486-1487). In addition at least Findings of Fact Nos. 5, 29, 32, 58, 60 and 74 also reveal an erroneous view of the law and the application of the facts thereto.*

Conclusion of Law No. 1 licensed the Court to ignore the current decisions of this Court since the lower Court relied on other circuits. This erroneous view of the law is in itself a proper basis for the remand of the case unless the record permits only one resolution of the factual issues; *Pullman Standard,* Supra, at page 292 of 456 U.S.

It is further submitted that in these appeals the Findings of Fact should be set aside since upon a review of the entire evidence, this court can readily be left with a definite and firm conviction that a mistake has been committed; *United States v. United States Gypsum Co.* 333

*Plaintiffs' counsel continuously directed the trial court's attention to this Court's decisions and their application to the Facts of these cases (A. p. 1429-1448, docket entries 203, 204, 207 and 208 in Civil Action 1389 [not of record]).

U.S. 364, 395, 396 (1948); *ACS Hospital Systems, Inc. v. Montefiore Hospital* (Fed. Cir. 1984) 732 F.2d 1572, 221 USPQ 929, 933. A number of the Findings of Fact are induced by an erroneous view of the law and/or combine both facts and law and are for those reasons, as well, not binding on this Court. In addition, some of the Findings of Fact are not supported by the evidence and based on an erroneous interpretation and application of the patent statute, 35 USC. For example, Findings of Fact Nos. 8, 22, 32, 50, 57, and 58 are not supported by the evidence; Findings Nos. 24, 26-29, 31, 33, 34, 36, 38, 42, 43, 48, 52, 53, 56 and 75 have been induced by an erroneous view of the law; Findings Nos. 11, 14-16, 18, 19, and 25 are a mixture of fact and law. The specific Findings of Fact will be considered in more detail hereinafter in the consideration of specific issues.

7. Validity of the Mathis Patents in Suit

A. Presumption of Validity—35 USC 282

The lower Court merely recited the burden of persuasion with regard to the validity presumption in Conclusion of Law Nos. 2-4. No consideration apparently was given to the presumption as to the prior art considered by the Patent Office and the relation of the cited and uncited prior art in evaluating the burden of the defendants. The trial judge also misconstrued her role. The burden was on the defendants to show that prior art had *not* been considered by the Patent Office; *Richdel, Inc. v. Sunspool Corp.* 714 F.2d 1573, 219 USPQ 8, 11 (Fed. Cir. 1983); Solder Removal Co. et al v. U.S. International Trade Commission et al 582 F.2d 628, 632-633, 199 USPQ 129, 133, see notes 8, 9 and 10 (CCPA 1978). The trial judge misconstrued her role as requiring her to decide whether she considered the inventions patentable, in place of deciding whether the patent's challengers had carried their burden of proving by clear and convincing evidence of facts compelling a conclusion of patent invalidity; *Panduit Corp. v.*

Dennison Mfg. Co. 774 F.2d 1082, 227 USPQ 337, 342, 346 (Fed. Cir. 1985). This is very apparent when the trial Court ruled the Mathis design patent invalid and permitted evidence of its invalidity *after* it was dedicated to the public prior to trial; see Findings of Fact Nos. 5, 85-91 and each of the Judgments (A. p. 1507-1519).

Patents are born valid; 35 USC 282; *Roper Corp. v. Litton Systems, Inc.* 757 F.2d 1266, 1270, 225 USPQ 345, 347 (Fed. Cir. 1985). Patent claims are the measure of a patent grant; *Coleco Industries, Inc. v. U.S. International Trade Commission* 573 F.2d 1247, 197 USPQ 472, 476 (CCPA 1978). Patent claims are to be read and construed in light of the specification and the prosecution history of the patent. Claims should be construed, if possible, as to sustain their validity; *ASC Hospital Systems, Inc. v. Montefiore Hospital* 732 F.2d 1572, 221 USPQ 929, 933 (Fed. Cir. 1984).

* * * *

(1) Public Use

The lower Court concluded that there was public use of a Mathis designed "aluminum spanner wrench" (X-264) more than one year prior to the filing date of the '449 patent; Conclusion of Law No. 16 (A. p. 1449-1506) and therefore invalidates "the patent" under 35 USC 102(b). Finding No. 59 recites the differences between the wrench of claim 1 and the one "publicly used." On its face, Conclusion of Law No. 16 is in error, "assuming" there was public use since the claimed material differs from the one used.

All of the facts regarding the alleged "public use" are not in the Findings of Fact for evaluation. Mr. Mathis clearly testified concerning these facts, and this Court can evaluate them in view of the proper authorities (A. p. 1227, line 2-p. 1228, line 22). The wrench (X-264) was used in the Vico plant to install the Mathis prototype jets on a

bathtub for submission to a testing lab for approval of the system. The jetted tub was *not* sold and the sole wrench available never left the Vico plant. The jetted tub was not publicly available and the entire system was tested to determine whether or not it met standards. The test was not passed and Vico brought the jetted tub back to their plant (A. p. 2292-2299, X-394). The jets were redesigned in view of the failure of the test, resulting in the '656 jet design. The lower Court concluded the above facts represented "commercial exploitation" in Conclusion No. 15.

The subject matter of the tests obviously had nothing to do with the manner of mounting of the jets on the tub or the specific character of the tool used. The only "clue" was the spaced opening on the water outlet and the "public" activity regarding the jets was after the filing date of the '655 patent application. Mr. Mathis was still experimenting with his jets and the system until he devised the system disclosed in the '656 patent, filed in May, 1974. The jet and spanner wrench were abandoned and redesigned by Mathis. The spanner tool, unlike the machines in the precedents cited by the lower court, was not used to produce a product that was *sold* so as to constitute a public use. Plaintiffs submit there was no "public use" in a fair evaluation of the facts; see *In re Smith and McLaughlin* 714 F.2d 1127, 218 USPQ 976, 983 (Fed. Cir. 1983); *T. P. Laboratories, Inc. v. Professional Positioners, Inc.* 724 F.2d 965, 220 USPQ 577 (Fed. Cir. 1984).

* * * *

10. Design Patent 244,462

The lower Court found the design patent invalid due to fraud on the Patent Office in the three Judgments. Finding No. 5 erroneously states that only infringement was no longer in issue as a result of the dedication (A. p. 405) but should have included validity as the defendants' counsel had earlier recognized (A. p. 1426, lines 7-13). Plaintiffs submit that the dedication removed the issues of validity

and infringement from the Court's jurisdiction; *Chris-Craft Industries v. Monsanto Co.* 178 USPQ 199 (C.D. Cal. 1973); *W. L. Gore Associates v. Oak Materials* 424 F. Supp. 700, 192 USPQ 687 (D.C. Del. 1976). Public policy favors voluntary dismissal of actions; *Larchmont Engineering v. Taggenburg Ski Center* 444 F.2d 440, 170 USPQ 241 (CA-2 1971).

After the dedication of the design patent in December, 1981, plaintiffs moved to dismiss the design patent from the three complaints. The motion was granted but the litigation re the design patent continued due to the improper reservations by the Court. Apparently the Court was impressed that a finding of fraud as to the design patent would taint the three utility patents, based on the defendants' theory which was completely and erroneously accepted by the lower Court (A. p. 1405, line 17-1407; p. 1408, line 24; p. 1413, line 24-p. 1414, line 20; p. 1388, line 11-p. 1390, line 7). Plaintiffs' counsel attempted to show that this was an erroneous position during the pretrial hearings and again, after trial and before judgment, counsel directed the lower Court's attention to this Court's decision in *SSIH Equipment S.A. v. U.S. International Trade Commission* 713 F.2d 746, 218 USPQ 678, 689, 690 (Fed. Cir. 1983) (A. p. 1344, lines 1-17). As in *SSIH Equipment,* Supra, the design patent was applied for after the '655 and '656 patents issued and the '449 patent issued shortly after the design patent application was filed. None of the utility patents are directed to the invention claimed in the design patent, and there is no overlap in the claimed inventions.* Conclusion of Law No. 46 and Finding No. 75 are completely in error as a result of ignoring the *SSIH* decision. This action of the lower Court tainted the entire proceedings regarding the utility patents in suit and se-

---

*All of the Mathis utility patents were considered by the design Examiner.

riously prejudiced the plaintiffs' cases and led to the award of attorneys' fees.

11. Fraud and Other Inequitable Conduct

Inequitable conduct requires proof by clear and convincing evidence of a threshold degree of *materiality* of the nondisclosed or false information. It also requires proof of a threshold *intent, J. P. Stevens & Co. v. Lextex, Ltd.* 747 F.2d 1553, 223 USPQ 1089, 1092 (Fed. Cir. 1984). Findings Nos. 73 and 74 are not FACTS but Conclusions of Law.

A. '655—Findings Nos. 19-22, 77 and 78

These Findings involve the conclusion that the Hayward jet is the same as the claimed subject matter—which it is not. The lower court determined that counsel for the inventor misrepresented to the Patent Office, based in her remarks in Findings of Fact Nos. 19 and 21.

Mr. Mathis admitted prior knowledge of the Hayward jet (A. p. 18, line 20-p. 23, line 13; p. 32, lines 3-11) *but* that it was completely different (A. p. 20, lines 5-16). Mathis knew of no jet commercially available that could be installed and performed in the manner of his invention (A. p. 23, lines 8-13). Mr. Mathis disclosed his models and prior art to his patent counsel Comstock (A. p. 25, line 17-p. 27, line 21; p. 131, line 4-p.136, line 7). One of the models was used to produce the drawings for the '655 patent application. Dr. Alperin testified to the obvious differences between the Hayward and Mathis jets from a technical standpoint (A. p. 243, line 24-p. 246, line 16). The Jacuzzi jet, Finding No. 78, was the equivalent of Hayward.

Patent attorney Plante testified re Comstock's remarks in Findings Nos. 19 and 21 (A. p. 433, line 14-p. 435, line 10); the duty of an applicant to disclose prior art (A. p. 492, line 1-p. 494, line 6); the knowledge of Patent Examiners such as the Primary Examiner Artis who proc-

essed the three Mathis patents. Mr. Plante considered the Comstock arguments in view of the Hayward jet to be legitimate arguments (A. p. 518, line 5-p. 523, line 5, noting p. 522, lines 9-17 in particular). The same was true of the Jacuzzi jet (A. p. 523, line 6-p. 524, line 14).

The present day Rules of Practice, Rule 56 (37 CFR 1.56) (amended on March 1, 1977) recites the duty to disclose and is incorporated in the oath or declaration. No such statement appears in the Mathis oaths. Rule 56 cannot be applied retroactively; *Digital Equipment Corp. v. Diamond* 653 F.2d 701, 210 USPQ 521, note 5 on p. 530 and note 17 on p. 538 (CA-1, 1981). The Patent Office does not intend to require an inventor to be skilled in patent law, and in this case as Mathis was a novice in patent law. The present Rule 1.56(b) recites the duty is satisfied by the disclosure to an attorney responsible for the preparation or prosecution of the application. Mr. Mathis relied on Mr. Comstock's judgment and in the patent applications, he referred to the prior art jets in general terms. Mere evidence of simple negligence, oversight, or an erroneous judgment made in good faith not to disclose prior art is not sufficient to render a patent unenforceable; *Orthopedic Equipment Co. v. All Orthopedic Appliances* 707 F.2d 1376, 217 USPQ 1281, 1286 (Fed. Cir. 1983).

The inventor satisfied his duty by disclosing the jet to his counsel and the evidence of the inventor's threshold intent was not established per *J. P. Stevens & Co.,* Supra. Mr. Comstock's judgment may have been erroneous but is not sufficient to establish inequitable conduct; page 1092 of 223 USPQ of *J. P. Stevens Co.* citing *Orthopedic Equipment,* Supra. Also note *Reactive Metals and Alloys Corp. v. ESM, Inc.* 769 F.2d 1758, 226 USPQ 821, 825 (Fed. Cir. 1985) re judgments attorneys have to make re filing patent applications. The Hayward jet neither anticipates nor renders obvious the subject matter of claim 1 of '655, and therefore the necessary threshold showing of materiality has not been made; *Laitram Corp. v. Cambridge*

Wire Cloth Co. (no Fed. cit. available) 228 USPQ 935, 937 (Fed. Cir. 1986).

Mr. Comstock's arguments in Finding No. 21 are true, including Hayward. Any finding equating Hayward and Mathis claim 1 is erroneous as it is based on Mathis' teachings. The lower Court's Conclusion of law No. 43 is based on an erroneous understanding of the facts and law and is reversible error.

B. '656—Findings Nos. 38-41, 44, 79-81

Plaintiffs submit that the Findings regarding the lack of disclosure of the use of T's and other fittings is clearly contrary to the Mathis patent specifications, as any one skilled in the art can appreciate; note column 1, lines 23-25, 42-48; column 3, lines 45-48. Patent specifications are addressed to those skilled in the art, not laymen or judges. The identity between the prior art and claim 1 referred to in Finding No. 38 is completely erroneous as established regarding the discussion of the '656 patent hereinabove. Also the prior art is disclosed to those skilled in the art in the Steimle reference of record; see *J.P. Stevens & Co.*, Supra, page 1092 of 223 USPQ re cumulative material. Mathis and his counsel did not disclose or suggest the prior art was identical to the claimed invention because it is not true.

The Finding re "Model 548 Ultra Spa" can also readily be disposed of as it is not relevant to the claimed invention and is duplicative of the prior art, including the Agnellino patent of record, X-177 (A. p. 1807-1810). It is incredible, including to the inventor Mathis, that said Model 548 jet had any relevance to his patents (A. p. 79, line 18-p. 80, line 10; p. 218, line 23 p. 221, line 4). It was discarded by Mathis as of no value. Dr. Alperin saw *no relationship* to what is in the Mathis patents (A. p. 262, lines 1-21) and that the Agnellino used pipes as basic jet structures (A. p. 262, line 22-p. 264, line 1). The statement of fact in Conclusion of Law No. 43 is erroneous, the materiality

of the prior art is clearly open to dispute—it is not relevant and need not be disclosed to any greater extent that it was, and no fraud was established under any rules. This is reversible legal error.

C. '449—Findings Nos. 70, 82-84

(1) Claim 1

The inequitable conduct was based on the "public use" of an aluminum wrench only. It is obvious that if there was no public use, there was no need to disclose anything to the Patent Office. Based on the above arguments there was no public use or fraud.

The patent Examiner obviously was knowledgeable as to spanner wrenches in general. No claim was ever made in the Mathis application to a spanner wrench per se. The '449 patent claim 1 was allowed by the Patent Office in the form originally filed. The inference that can readily be drawn from the claim is that the inventor and his counsel considered spanner wrenches per se to be old in the art and only claimed as novel a very specific design in a very specific combination. No evidence was produced that the specifically claimed wrench was used or sold with the claimed jet structure. Conclusion of Law No. 43 is not based on the evidence as the commercialization of the jets per se prior to the '449 filing was after the '655 filing and was legally proper. No fraud was established as to claim 1 of '449.

(2) Claim 10

The lower Court found in Finding No. 70 the inventor should have disclosed his knowledge of the use of extensions on jets for building jets into concrete walls. It should be evident that any Primary Examiner would have been aware of extensions for use with jets or any other article. The *very specific* combination defined by claim 10, taken as a whole, was not known prior to the Mathis invention and is not disclosed in the prior art since it comprehends

more than merely an extension. It was not established by clear and convincing evidence that the Examiner would not have allowed claim 10 if he had known of the use of a concrete extension as disclosed by Kane. Plaintiffs submit the finding of fraud by the lower Court re claim 10 was erroneous.

D. Design Patent 244,462 Findings Nos. 85-92

Judge Markey's comments in *E. I. DuPont de Nemours & Co. v. Berkley & Co., Inc.* 620 F.2d 1247,205 USPQ 1, 23 (CA-8, 1980) fit this case perfectly--the defendants tried the inventor personally rather than the patents in suit. This is brought home forcibly regarding the actions taken and approved by the lower Court in permitting an "army" of document reviewers to attack the plaintiffs' business and files to satisfy the defendants' "suspicions." This was permitted on the basis of lack of understanding of the law (A. p. 1408, line 1-p. 1414, line 25).

A *secret* motion was filed to satisfy the *suspicions* of the defendants' counsel (A. p. 1379-1380). The defendants, after trial, clearly stated that their suspicions were based on "improper" answers to Interrogatories that did not identify sales "within" one year of the filing date of the design patent (A. p. 1334, line 10-p. 1335, line 24). The Interrogatory was poorly drafted and lead to the confusion in responding since it requested activities prior to the November 24, 1975, filing date of the design patent—not prior to the one year grace period before the filing date. The activities one year prior were of no legal significance as to the design patent and certainly not of the utility patents as they were all filed prior thereto (A. p. 2085-2158). The court granted the request to inspect documents of the plaintiffs and in the same day Vico was overrun and overwhelmed with people, remarks and threats of contempt. This resulted in the disruption of the business and the need for clarification of the Order (A. p. 1405-1414, 1417-1419, p. 1387-1400; p. 940, line 8-p. 941, line 12). At the

hearing the Court was advised, prior to the dedication, that the design patent *would be withdrawn* from the litigation (A. p.1388, line 3-p. 1390, line 8). These facts parallel *Reactive Metals and Alloys Corp. v. ESM, Inc.* 769 F.2d 1758, 226 USPQ 821, 824, 825 (Fed. Cir. 1985) re disclosing sales and use activities during the one year grace period.

The plaintiffs lacked (1) an understanding of the legal significance of an "offer for sale" under the patent statutes (A. p. 938, lines 9-18) and (2) proper patent advice (A. p. 52, line 11-p. 53, line 5; p. 927, lines 1-19; p. 928, lines 4-19; p. 931, line 21-p. 932, line 2). The inventor lacked knowledge of the "pick up" of a jet (A. p. 106, line 15-p. 108, line 3; p. 198, line 8-p. 204; p. 207, line 9-p. 208, line 24; p. 221, lines 5-18; p. 930, line 3-p. 955, line 10). There was no intent to deceive and the patent was dedicated as soon as possible.

The defendants never discussed their "suspicions" with plaintiffs' counsel but filed their secret documents, and thus the evaluation of the facts in a "real world" sense was obscured.

Every admission of Mathis was called fraud. *Digital Equipment Corp. v. Diamond* 653 F.2d 701, 210 USPQ 521, 538 (CA-1, 1981) discusses relevancy of nondisclosed information and, as was true of Mr. Mathis, the inventor "did not promise the invention was not prima facie on sale" when he executed the oath; page 539 of 210 USPQ.

* * * *

Excerpt from Appellants' Reply Brief Illustrating Appellees' Inability to Substantiate and Abandonment of the Basis for the Trial Court's Finding of Fact No. 43 re Claim 2 of the Mathis '656 Patent

Pivotal Issue on Appeal

The pivotal issue on appeal then, is as stated by the Appellants as Issue No. 1, and is found on page 1 of the Appellants' Brief. Briefly, this issue is directed to whether the Findings of Fact and conclusions of Law are based on an erroneous view of the law and/or are "clearly erroneous" within the meaning of Rule 52 of the Federal Rules of Civil Procedure. The resolution of this issue also is important to the resolution of whether the defendants have met their burden under 35 USC 282 as defined by this Court.

Attention is respectfully directed to a decision authored by Judge Rich published since the filing of the Appellants' Brief that clearly sets out the metes and bounds for consideration of the review under Rule 52(a), Federal Rules of Civil Procedure; *Hybritech Inc.* v. *Monoclonal Antibodies, Inc.* 231 USPQ 81 (CAFC Sept. 19, 1986). Attention is specifically directed to pages 86 and 87 of 231 USPQ concerning the review under Rule 52(a) as it applies to the Findings of Fact and Conclusions of Law in this Appeal. Appellants are in this Court because they are of the firm opinion that the Findings of Fact and inferences drawn by the trial Court and her Conclusions of Law fall within the meaning of "clearly erroneous" re Rule 52(a) of Federal Rules of Civil Procedure.

Appellants submit that the Appellees' Brief is an excellent vehicle to point up the deficiencies in the lower Court's Findings of Fact and Conclusions of Law (prepared by the defendants' counsel and adopted virtually verbatim by the lower Court after a three-year delay). The Brief is an attempt to "fill in the blanks" concerning the facts and law that the defendants' counsel has fostered onto the

lower Court. Appellants submit, once again, that in reviewing the record in this case that this Court can be definitely left with the firm conviction that a *mistake* has been committed which is the fundamental basis for reversing the lower Court.

As Judge Rich indicated in *Hybritech*, Supra, Rule 52 is to provide Appellate Courts with the lower Court's insights into the case. The only benefit that the Appellants or the Appellate Court has of the lower Court's insight of the case is her brief remarks concerning the Parr patent, the tests of the "replica" of the Parr injector, and the testimony of Attorney Jessup. (The remainder is in essence the work product of the counsel of the Appellees.) The testimony of Mr. Jessup at the trial and the objection of Appellants' counsel thereto from day one, are included as an Addendum hereto for this Court's convenience, in resolving this pivotal issue.

Presumption of Validity - 35 USC 282

Although the lower Court in her Conclusion of Law has given lip service to the presumption of validity under 35 USC 282, it is not clear that the Defendants'/Appellees' burden of establishing invalidity by clear and convincing evidence was ever fully appreciated by the lower court and that the applicable rules of law to the facts were fully appreciated. The Conclusions of Law concerning the presumption, namely, Conclusions 2, 3, and 4 were read with the erroneous view of the law in Conclusion of law 1 and would lead one to believe that there was a lack of understanding of the proper, applicable law to the facts of this case. Appellants submit that there was no *clear and convincing* evidence to support all of the Findings of invalidity either under 35 USC 102, 103 or 112.

* * * *

Installation of Mathis Jet

With regard to the specific design of the Mathis' jet, such as found in the '655, '656 and the '449 patents, the

ability to mount the jet, the commercial embodiment of which is found in Fig. 2 of the '656 patent, on one side only is evidenced by the use of the spanner wrench holes in the water outlet of the Mathis' structure. In fact, there is *no prior art* that suggests a whirlpool jet that is permitted to be installed from one side of the tub. All of the known prior art whirlpool jets require access to both sides of the wall, including the Parr et al patent and the Hayward and Jacuzzi jets. In an aquarium, as in Parr, the large "diffuser" in the inside of the fish tank allows gripping of the diffuser for mounting it on the aquarium wall. When a substantially flush water outlet is utilized with the housing designed by Mr. Mathis, in accordance with claim 1 of the '655 patent, and is mounted from the inside of a tub only, there is *no gripping surface* and the use of a pair of spanner holes for a spanner wrench to engage the water outlet is nowhere suggested or hinted at in the prior art. This is true for the simple reason that there is no prior art structure that allows the jet to be installed from one side only, as Mr. Mathis designed. There was no need for spanner wrench holes or spanner wrenches in the whirlpool jets of the prior art for mounting the water outlet when you have access to both sides of a wall to which the jet is to be mounted.

(c) Claim 1 of '449 - Public Use

Appellants submit there is no issue that the '449 patent is a continuation-in-part based on the disclosures in the '655 and '656 patents. The differences in the position of the Appellants and the Appellees (although not articulated by the Appellees) is concerning the issue of a public sale based on the sales of the appellants to Benson Whirlpool Jet. There is *no evidence* that a spanner wrench was sold by the Appellants along with the whirlpool jets sold to Benson. At the time of the Benson sale, the '655 patent application and the '656 patent application were on file. The patent applications, then, permitted sales after their filing dates without any legal significance concerning the

statutory bars of prior sales under 35 USC 102. There is *no evidence* that a spanner wrench was sold in combination with these whirlpool jets and, therefore, the basis for the public sale is in error, irrespective of the dates of sales of whirlpool jets. Any other approach would prevent an inventor from making sales of his devices within the one-year grace period and after he has covered the subject matter of a sale in a patent application on file with the U.S. Patent Office because his inventions require a spanner wrench for installation that is not specifically disclosed in his patent application, and therefore is contrary to the fundamental rationale of the U.S. patent laws. It is submitted that it is illogical to assume that a spanner wrench as covered by claim 1 of the '449 patent was necessary to have been supplied by the inventor and contrary to defendants' burden of proof. It is further submitted that to destroy the Mathis patent based on such a weak reed, based on an infringer's speculation, is clearly contrary to the rules of evidence requiring clear and convincing evidence of prior sales of the subject matter of a patent claim.

The claim specifically covers a whirlpool jet having a water outlet with a pair of spaced openings in combination with a specific design of a spanner wrench to fit within the openings on the water outlet to facilitate the mounting of the jet from only one side of the tub wall. No evidence of a prior sale of such a combination was *ever* presented in the lower Court.

Abandonment of Law of Gravity as Prior Art

In referring to the Appellees' Brief on page 32 concerning claim 2 of the '656 patent, it should not go unnoticed that the Appellees who provided the lower court the Finding of Fact establishing *the law of gravity as prior art* with respect to this claimed subject matter have now abandoned this position. This is a clear admission that the Findings of Fact and the Conclusions of Law based thereon concerning the subject matter of claim 2 is clearly erro-

neous and is not supported by the trial Court's Findings of Fact and Conclusions of Law and amounts to reversible ERROR. In fact, the Appellees are now submitting in their Brief an entirely new defense, again, without *any* evidence to support it, namely that the subject matter was not invented by Mr. Mathis. Not only does this establish, as a minimum, that claim 2, but the claims dependent thereon, namely, claims 3 through 5 of the '656 patent, are all clearly valid and not invalid as found by the trial Court as there is no prior art as admitted in the Appellees' Brief.

Alternate Grounds of Invalidity

The Appellees apparently are presenting arguments to show that, irrespective of the erroneous position of the lower Court under 35 USC 102, the claims may be invalid under 103.* It should not be overlooked that the evaluation of this case involves the evaluation of the "exceptional" aspect of 35 USC 285 concerning attorneys' fees. To admit no anticipation or water down the defense under 35 USC 102 is very significant concerning the evaluation of the award of attorneys' fees and should not be overlooked by this Court. The invalidity on the basis of 35 USC 103 is a significantly different position than under 102 and should be understood to negate any award of attorneys' fees in that it does *not* render the case *exceptional.*

In the defendants' eagerness to establish bad faith on behalf of Mr. Mathis and all of his witnesses and his counsel, the Appellees' counsel, as the lower court has done, have carefully avoided coming to grips with this Court's decision in *SSIH Equipment S.A.* v. *U.S. International Trade Commission* 713 F.2d 746, 218 USPQ 678, 689, 690 (Fed. Cir. 1983) as noted on page 52 of the Appellants' Opening Brief. This establishes the lack of relationship between the patents and the erroneous position of the lower court during the pretrial hearings and again

*See note 2 on page 10 of Appellees' Brief.

after trial and before judgment, as well as failing to recognize this Court's decisions, as the lower court was prone to do. None of the utility patents is directed to the invention claimed in the design patent, and there is no overlap in the claimed inventions. Accordingly, this decision distinguishes the rationale of the cases cited by the lower court and the Appellees in their responsive Brief. This is a clear error of law that is reversible.

FINDINGS OF FACT AND CONCLUSIONS OF LAW OF THE DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

CASE NO. CV 80-1389 MRP

CLEO D. MATHIS, an individual,

Plaintiff,

v.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual,

Defendants.

CASE NO. CV 80-4481 MRP

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

v.

BILL SPEARS, an individual, d/b/a WATERWAY PLASTICS and WATERWAY PLASTICS, INC., a corporation,

Defendants.

CASE NO. CV 81-1631 MRP

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

v.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals,

and HYDRABATHS, a corporation,

Defendants.

Filed
FEB 20 1986

FINDINGS OF FACT

1. These are three actions brought by the plaintiff, Cleo D. Mathis ("Mathis") charging defendants Hydro Air Industries, Inc. ("HAI"), and its president, Gerald W. Moreland; Hydrabaths, a corporation ("Hydra"), and its president, Philip E. Chalberg, and its general manager, Robert Weygand; and Waterway Plastics, Inc. ("Waterway"), its successor, B&S Plastics, Inc., and its president, Bill Spears, with infringement of three utility patents, Nos. 3,890,655, 3,890,656, and 3,946,449, each of which is entitled "Whirlpool Jet For bathtubs". Vico Products Manufacturing Co., Inc. ("Vico") was named as an additional plaintiff with respect to the actions against defendants Hydra and Waterway.

2. The suit against defendant HAI was consolidated for trail with suits charging defendants Waterway and Hydra with patent infringement, since all of these suits involve common issues relating to the validity and infringement of the '655, '656, and '449 utility patents. These defendants are referred to collectively herein as "the defendants".

3. The defendants have denied infringement and patent validity, and have counterclaimed for a declaration of non-infringement and patent invalidity. Both plaintiffs and defendants seek a declaration that the case is exceptional under 35 U.S.C. § 285 and that they are entitled to an award of attorneys' fees. Charges of unfair competition against Waterway, Hydra and their principals have previously been dismissed, while the defendants' claims of patent misuse and antitrust violations have been bifurcated for later trial.

4. Although Mathis only developed a single jet structure, which he manufactured in a large and a small version, he added features to the jet over a period of time. Thus, the '656 and '449 patents are "continuation-in-part" applications, incorporating the disclosure of the '655 patent.

5. The complaints, as originally filed, also alleged infringement of a fourth patent, namely Design Patent No. D-244,462 ("Design Patent") (Exhibit 224-224A). Infringement of this Design Patent is no longer an issue here since defendants, during discovery, examined Vico's files and found documents evidencing sales of the jet which is the subject of the Design Patent, which sales took place more than one year prior to November 24, 1975, the filing date of the Design Patent application. Upon learning this, plaintiff dedicated the Design Patent to the public by filing appropriate papers with the Patent and Trademark Office, and brought a motion to amend his complaints to withdraw the Design Patent as an issue here. The motion was granted on condition that the Design Patent, although dedicated to the public, continue to be relevant to the present suits, insofar as it pertains to the issue of attorneys' fees, and to the issue of the enforceability of the three utility patents, '655, '656, and '449.

6. the patented water jets and the allegedly infringing jets sold by defendants are of the type commonly employed in spas or in hydrotherapy "jacuzzi-type" bathtubs. These jets generate turbulence in the water by mixing water and air and discharging the mixture at a relatively high velocity.

7. In general, all water jets, including those in common use before those which are the subject of the patents in suit, include a water supply pipe, an air supply pipe, a water nozzle, a mixing chamber, and a water outlet (discharge port). Water is supplied under pressure through the water supply pipe to the water nozzle. The water noz-

zle discharges the water into the mixing chamber and out of the outlet at a relatively high velocity. As the water travels through the mixing chamber, it creates a suction so that air is drawn into the mixing chamber through the air supply pipe for mixing with the water prior to discharge through the water outlet. The presence of the aspirated air in the water discharge adds to the turbulence created in the tub.

8. The plaintiff does not claim to have invented this "jacuzzi-type" structure, but claims to have invented a structural arrangement of the parts of the jet to facilitate installation. The defendants claim that these structural details were well known prior to the plaintiff's alleged invention.

9. For each of the three patents in suit, the specific claims at issue here are:

'655 Patent

Claim No. 1, 2, 6, 7

'656 Patent

Claim No. 1, 2, 3, 4, 5

'499 Patent

Claim No. 1, 8, 9, 10

THE '655 PATENT

10. The '655 patent defines a jet which is mounted on a bathtub without external fasteners by sandwiching the bathtub wall between the jet housing and the water outlet. All of the claims of the patent further require that the water outlet have an annular groove for mounting an O-ring. This O-ring is defined as sealing the jet to the interior periphery of the hole formed in the wall of the bathtub, through which the water outlet is inserted.

11. With the exception of the O-ring for sealing between the jet and the bathtub, and the groove for this O-ring,

the prior art Parr patent No. 1,526,179 discloses a jet having all the elements of Claim 1 in precisely the form and arrangement defined by Claim 1. Although this patent shows the jet being utilized in an aquarium tank, the jet functions in the same manner as the jets in issue, directing a mixture of air and water into the tank, creating what plaintiff refers to as a "venturi effect", to agitate the water in the tank. Since the Parr patent deals with a device for agitating liquids, those working in the hydrotherapy jet industry would view the teachings of Parr with interest if they were seeking a better mounting arrangement for a jet. Thus, Parr is analogous art.

12. Mathis testified that he had conducted a test to simulate the operation of the Parr device to determine whether the device shown in the Parr patent could operate as a hydrotherapy jet. The device used in this test was one of plaintiff's own jets, upon which he had placed an extension tube of the type shown in the '449 patent, to provide an extended water outlet. The test was conducted at a water pressure which was substantially lower than that which plaintiff used in operating his own hydrotherapy jets.

13. Although Mathis claims that the Parr device is incapable of operating as a hydrotherapy jet, the Court finds that it is capable of functioning as a hydrotherapy jet. Defendants' expert, Warren Jessup, conducted a series of tests in which a working replica of the Parr device was mounted to a water tank and connected to a water supply at a pressure slightly less than the water pressure at which plaintiffs' jets operated. The Parr replica was operated under various conditions, and displayed an ability to aspirate air and provide a hydrotherapy stream of air and water on a scale comparable to the Mathis jets. A videotape of Mr. Jessup conducting the tests was introduced, and a portion of the test was repeated in open court. The tests and Mr. Jessup's testimony were credible and the

testimony of Mathis and his expert witness on this issue was not.

14. The Parr patent anticipates the first principal feature defined by Claim 1 of the '655 patent, namely, mounting the jet without external fasteners by sandwiching the tub wall between the jet housing and the water outlet.

15. The sandwiching feature of claim 1 is also disclosed by a prior art Hayward Manufacturing Company jet (Exhibit 241). This Hayward jet sandwiches the tub wall between the water outlet and the flanged nut, rather than between the water outlet and the jet body. However, it would be obvious to one of ordinary skill in the art to modify the Hayward jet in the manner defined by Claim 1. Further, if Mathis' contention is accepted that the Anzen jet (Exhibit 307) infringes when used with a fastening nut, such as that of Hayward, then the Hayward jet is an anticipation of the sandwiching feature of Claim 1.

16. The second principal feature of this claim is an O-ring, seated in a specially-made groove located in the water outlet, and sealing to the interior periphery of the hole in the bathtub wall. Mathis has consistently maintained that this element should be broadly interpreted to cover any type of seal, such as a flat washer or silicone. Under this definition, the prior art parr patent includes structures equivalent to the O-ring and groove. Thus, Parr is an anticipation of Claim 1 of the '655 patent; it includes each and every claim element in precisely the arrangement required by the claim.

17. Although the Parr patent appears to show a flat washer for sealing the water outlet to the interior wall of the tub or tank, the washer is not described anywhere in the Parr patent specification. However, the prior art Hayward Manufacturing Company jet (Exhibit 241) clearly shows a flat washer for sealing a jet to a bathtub.

18. If a narrower, more limited definition of the O-Ring and groove is applied, the claim is still obvious. The Parr

patent includes each and every element of the claim except the O-ring and its groove. O-rings, however, are well known and commonly used in the plumbing trade to seal the surface of a rotatable member to the surface of a housing. For example, the rotatable handles on water faucets are commonly sealed to the faucet housing by use of O-rings. Rotatable water spigots, of the type commonly found on kitchen sinks, utilize O-rings to seal the spigot to the faucet housing. Moreover, the use of O-rings to seal mutually rotatable surfaces in hydrotherapy jets is disclosed in prior art Nash patent No. 3,391,870 (Exhibit 436). In virtually every use of an O-ring, a groove is provided to locate the O-ring. Use of an O-ring and its associated groove for the purpose for which it was designed is not invention, but merely an obvious expedient, as would be expected from an application of the ordinary skills of those working in the art.

19. A review of the prosecution history ("file wrapper") of the '655 patent before the Patent Office indicates that plaintiff breached his duty of candor to the Patent Office during the prosecution of this patent. In response to the Examiner's rejection of all of the originally filed claims, plaintiff cancelled these claims and substituted new ones. The new independent claim was identical to the cancelled independent claim, except that it added additional structural details regarding the "sandwiching" feature and added the "O-ring/groove" features discussed above. Plaintiff distinguished the new Claim 1 from the prior art cited by the Examiner by making the following arguments:

> Applicant's new independent claim is drawn particularly to applicant's novel structure in which the water outlet has an annular radial flange having an inner surface abutting against the inside of the bathtub wall. . . . The water outlet has an annular groove adjacent to the flange, with a resilient O-ring bushing mounted in the groove. [Upon rotational tightening of the water outlet

> with respect to the housing, the bathtub wall is held between the flange and the housing, with the O-ring bushing making sealing engagement with the inner edge surface of a circular opening through which the water outlet extends.
>
> It will be noted that only a circular opening need be cut in the wall of the bathtub and no fastening members are connected to the bathtub. . . .
>
> This inventive concept and structure are nowhere found in the references cited by the Examiner, in all of which screws and similar fastening devices extend into the wall of the bathtub. . . .

20. Plaintiff could not make these arguments relating to mounting the jet on the bathtub wall without extraneous fastening devices such as screws and similar fasteners, in light of the prior art Hayward jet. Plaintiff was fully aware of the Hayward jet and its lack of screws or similar fasteners prior to filing his application for the '655 patent, but failed to disclose the existence of the Hayward device to the Patent Office. The Hayward jet is also significant in that it utilizes a flat washer, located adjacent to screw threads, which abuts an annular radial flange to seal the flange to the inside of the bathtub. If a flat washer and threads are equivalent to an O-ring and groove, as plaintiff contends, the Hayward jet would be even more pertinent as a prior art reference. The Hayward jet is a more pertinent reference than anything that was before the Patent Examiner, and plaintiff's failure to disclose its existence, compounded by his affirmative assertions that his inventive structure is nowhere found in the prior art, constitutes inequitable conduct.

21. In the same response to the Patent Office Examiner, plaintiff argued that another feature of Claim 1 was nonexistent in the prior art, namely that:

> The threaded engagement between the water outlet and housing not only mounts the jet without extraneous fastening devices, but also provides automatic adjustment to fit various thicknesses of bathtub walls.

22. Plaintiff was aware, at the time this argument was made, that both the prior art Hayward jet and a prior art Jacuzzi jet provided the same wall thickness adjustment. His failure to disclose these facts, and his argument to the Patent Office Examiner constitute a serious breach of his duty of candor in the Patent Office proceeding.

23. None of the prior art patents or devices discussed in the preceding paragraphs were before the Patent Office during the examination of Claim 1 of the '655 patent. These references were more pertinent than the prior art cited by the Patent Office Examiner.

24. Claim 2 adds to the overall combination of Claim 1 a requirement that the water outlet flange be substantially flush with the inner wall of the bathtub to prevent injury of occupants of the tub. The term "substantially flush" is vague, since it is impossible to determine how thick the flange might be and still fall within the claim definition. Nonetheless, if the claim is interpreted as requiring that the flange be flat enough to prevent injury to occupants of the tub, then this feature is clearly shown in the prior art Hayward jet, the Everston patent No. 3,263,678 (Exhibit 430), the Witten Jr. patent No. 3,432,867 (Exhibit 440), the Abraham *et al.* patent No. 1,393,482 (Exhibit 421), and the Blau *et al.* patent No. 3,027,568 (Exhibit 427), all of which are prior art under section 102(b).

25. The "substantially flush" feature of any of these prior art patents could be combined in an obvious manner with the basic structure taught by the Parr patent to yield the invention defined by the combination of Claims 1 and 2. This fact is evidenced by the test which Mr. Jessup

conducted on the Parr replica with a flush outlet. That test showed that the Parr replica worked as well with a flush outlet as with an outlet cone.

26. In addition, the construction of water openings for bathtubs in a manner which will yield a flush surface to avoid injury is well known. For example, virtually every drain opening at the bottom of bathtubs is flush with the bathtub bottom. Likewise, water return lines and other fixtures in swimming pools have historically been made flush to the pool wall to avoid injury. The feature defined in Claim 2, therefore, adds nothing more than the standard precaution to the otherwise unpatentable structure defined in Claim 1, and the claim is invalid.

27. Claim 6 is dependent upon Claim 2, and thus includes the structure previously discussed with regard to both Claim 1 and Claim 2. In addition, this claim adds the requirement that the water supply pipe be connected to a transverse passage in the jet housing. Plaintiff contends that this claim language means that the water supply pipe enters the housing from the side, rather than from the rear. The Parr patent clearly supplies water transversely to the side of the jet housing, and thus anticipates this feature. Furthermore, the Jacuzzi patent No. 3,571,820 (Exhibit 442) which is prior art under section 102(b), shows a water supply pipe 61 (Figure 1) connected to a jet 25 so that it enters the jet 25 from the side, rather than the rear. Claim 6 is thus obvious in light of the prior art.

28. Claim 7 is dependent upon Claim 6, Claim 2, and Claim 1, and thus includes all of the structure delineated in these claims. Claim 7 adds to the previous claims the feature of a water supply pipe which extends completely through the housing so that a manifold may supply water to plural jets around the perimeter of a bathtub. The prior art Anzen jet (Exhibits 291-295), the Everston patent No. 2,263,678 (Exhibit 430), and the Jacuzzi patent No. 3,297,025 (Exhibit 432) show this concept. It would be

obvious to those ordinarily skilled in the art, in view of these patents, that this feature could be added to the basic Parr reference. Claim 7 is thus invalid under 35 U.S.C. § 103.

29. The details covered by the dependent claims of the '655 patent cannot serve to save independent Claim 1 from invalidity.

THE '656 PATENT

30. Like the '655 patent, the '656 patent has only one independent claim, Claim 1. This claim defines a jetted bathtub as a complete, installed assembly having plural jets which are connected to air and water supply pipes manifolded around the perimeter of the tub. The jets have transversely directed air inlet and water inlet openings for receiving the air and water supply pipes without fittings.

31. The Anzen jet (Exhibits 291-295), which is stipulated to be prior art under 35 U.S.C. § 102(a), when installed includes each and every element of claim 1, arranged in precisely the combination required by the claim. Such an installation is prior art to this '656 patent, based on the testimony of Mr. Allen. Thus, as an installed assembly, the Anzen jet (Exhibits 291-295) completely anticipates Claim 1. The definition of "housing" in the claim reads directly on the assembly of Exhibits 293 (*i.e.*, the element including the nozzle) and 291 and 292 (*i.e.*, the water and air tees). In fact, this reading is required by the claim definition of transverse water and air openings on the housing. When the claim is properly interpreted in this manner, the complete, installed assembly includes water and air supply pipes connected to these openings without fittings.

32. Plaintiff has urged that the term "without fittings" in Claim 1 prohibits anticipation, under 35 U.S.C. § 102, by the Anzen jet (Exhibits 291-295). This contention is contrary to the clear language of the claim, which only

requires that the water and air *supply pipes* be connected to the *transverse* water and air openings *of the housing* without fittings. Further, the plaintiff's attempt to avoid claim anticipation by interpreting the term "without fittings" to define a one-piece or unitary housing makes Claim 5 of the '656 patent a nullity. Claim 5 defines the elements of the housing as unitary. To read these limitations implicitly into Claim 1, through the term "without fittings", would require a reading of the Claim 5 limitations into Claim 1. This clearly was not the intent of the plaintiff when the patent was before the Patent Office.

33. Further, in the Anzen jet, the tees used for connecting the water and air, as well as the housing, are made of plastic. Before connection to the supply pipes, the tees are attached to the housing. Such attachment of plastic plumbing parts is accomplished with a solvent, not glue. The mating parts are softened with solvent and interconnected, so that the mating surfaces flow into one another, like mixing paint. When the solvent later dries, the parts become "integral" or "unitary." The Anzen jet was preassembled in this manner, in this country, before plaintiff's alleged invention, and is prior art to the '656 patent. This jet provided a "unitary" structure to which the water and air pipes were then attached "without fittings". This is a complete anticipation under 35 U.S.C. § 102.

34. Each and every element of Claim 1 is disclosed by the prior art Jacuzzi patent No. 3,297,025 (Exhibit 432) in exactly the combination required by the claim. Like the Anzen jet (Exhibits 291-295), the Jacuzzi patent shows the use of water and air tees. These elements must be a part of the housing defined in Claim 1. Although a threaded connection is shown, the air and water pipes are connected to the transverse air and water openings without fittings.

35. Thus, the Jacuzzi patent completely anticipates Claim 1 of the '656 patent under 35 U.S.C. § 102. This reading of Claim 1 on the Jacuzzi patent is even more apparent

in view of the fact that the tees could not be attached to the supply pipes of Jacuzzi until they are first attached to item 24 of figure 2—otherwise the pipes would extend from the tees, making it impossible to thread the tees into item 24. Thus, the structure of the Jacuzzi jet requires that the tees and item 24 be pre-assembled before the supply pipes (Figure 1, items 41, 42) can be connected. At this pre-assembly stage, the claim definition reads literally on the Jacuzzi structure, since the supply pipes are later connected "without fittings".

36. Plaintiff has attempted to use the term "without fittings" to avoid the prior art. In view of the prior art Anzen jet and the Jacuzzi patent, the only interpretation of the claim that could avoid direct anticipation is that the housing, with its inlets, is unitary, or one piece. With this interpretation, the invention is obvious and Claim 1 is invalid under 35 U.S.C. § 103. The prior art Anzen jet is clearly in "one piece". The only difference between the Anzen jet and plaintiff's jet is that the Anzen jet is made unitary by solventing plastic parts together, while plaintiff's jet is molded. However, molding is a common, well known technique which would be obvious to anyone skilled in the art. Accordingly, the claimed invention is obvious in view of Jacuzzi and Anzen.

37. Any attempt by plaintiff to use the term "without fittings" to avoid anticipation would make this claim virtually impossible to interpret. 35 U.S.C. § 112 prohibits the use of such vague, imprecise terms in patent claims because adequate notice must be provided to the public as to the scope of the patent. Vague and imprecise terms in a patent afford the patentee an opportunity, after issuance of the patent, to define the claims in a way that is best suited to maximize the patentee's patent monopoly. The claims are invalid under 35 U.S.C. § 112.

38. Plaintiff knew, but did not disclose to the Patent Office, that it had become a common practice to install

jets utilizing tees to provide transverse air and water inlet openings, and thus to form a jet structure identical to that defined in Claim 1. Plaintiff did refer in the specification to problems associated with using tee fittings, implying that these installations were extremely complex. He did not disclose or suggest that the prior art was identical to the claimed invention, and that the only possibly novel feature was making it in one piece.

39. More than one year before filing this patent application, plaintiff sold a unit called the "Model 548 Ultra Spa". This spa included jets which were formed as an extension of the water supply pipes, and thus required no "fittings". Since plaintiff only displayed and sold a single model 548, this sale was peculiarly within his knowledge, and could not have been known to the Patent Office Examiner. Plaintiff nonetheless failed to inform the Examiner of this earlier sale.

40. Neither the prior art Anzen jet nor the Jacuzzi patent, both of which were more relevant than the prior art cited, were before the Patent Examiner during prosecution of the '656 patent.

41. With respect to the '656 patent, plaintiff breached the duty of candor to the Patent Office.

42. Dependent claim 2 is directed toward drainage. It is obvious that a jet installed in a recirculating bathtub system should be arranged to drain when the tub is drained. Otherwise, dirty bathwater would remain in the jet system, and would be mixed with the next person's bathwater.

43. The simple expedient of placing a pipe above an outlet, so that the pipe will drain into the outlet, is obvious, since this is the only practical way of achieving this desirable safety feature. Stated differently, this claim in effect attempts to monopolize the concept that water runs downhill, and that the outlet of a supply pipe should be

the lowest point of the pipe, if the pipe is to drain. In view of the prior art relevant to Claim 1, the claim is obvious under 35 U.S.C. § 103.

44. Plaintiff's prior art "Model 548 Ultra Spa" included jets which were arranged to drain completely, yet plaintiff withheld the fact of the earlier sale from the Patent Office Examiner. This breach of plaintiff's duty of candor renders Claim 2 unenforceable.

45. Furthermore, plaintiff has accused certain jets of HAI and other defendants with infringement of Claim 2, even though such jets would drain no better than the prior art Anzen jet. Thus, as this claim is interpreted by plaintiff himself, the drainage feature is anticipated by the Anzen jet.

46. Claim 3 adds dividers in the water and air inlet openings against which the opposed water and air pipes abut. Dividers for providing abutments for connected pipes have been common in the plastic pipe field almost as long as plastic pipe itself. In fact, dividers which provide abutments are included in the prior art Anzen jet. Thus, Claim 3 is obvious under 35 U.S.C. § 103.

47. Claim 4 adds to Claims 1, 2, and 3, on which it is dependent, a requirement that the jet housing must extend from the tub the same distance as the water and air supply pipes. The prior art Anzen jet includes this feature. Thus, the claim is obvious under 35 U.S.C. § 103.

48. It is obvious that the jet could be made as a unitary, molded fitting, as required by Claim 5, particularly in view of the prior art Anzen jet. The fact that the plastic parts could be molded is well known in the prior art. Thus, Claim 5 is also obvious under 35 U.S.C. § 103.

THE '449 PATENT

49. The '449 patent has two independent claims, Claims 1 and 10, both of which are in issue here. Claim 1 of the

'449 patent defines a wrench in combination with a jet, while Claim 10 defines an extension pipe and a nozzle in combination with a jet.

50. Although the '449 patent is a continuation-in-part of two earlier filed patents, namely the '655 patent and the '656 patent, plaintiff is not entitled to rely on the filing dates of these prior patents because the subject matter claimed in the '449 patent was not disclosed in either of them. Thus, prior publications, public uses, and offers for sale which occurred more than one year before the March 31, 1975 filing date of the '449 patent are prior art to the '449 patent.

51. The wrench of Claim 1 is of a type commonly referred to as a "spanner wrench", and includes a pair of pins which are received by mating openings in the water outlet of a jet so that the outlet can be rotated by the wrench. The first part of the claim reads on the jet, while the latter part of the claim reads on the wrench.

52. Plaintiff's wrench is obvious in view of the Rudolph patent No. 3,073,206 (Exhibit 429) and the Noyes patent No. 672,217 (Exhibit 420). Rudolph discloses a cap screw (Figure 3) having diametrically spaced openings for receiving a wrench (Figure 4). The Rudolph wrench has a pair of pins spaced to fit within the openings of the cap screw, as well as an opening 21 (Figure 5) for receiving a tool to rotate the wrench. It is unclear whether the Rudolph wrench discloses knurling; however, knurling is clearly disclosed in the Noyes patent. Thus, the wrench structure defined by Claim 1 is obvious in light of the prior art.

53. The particular jet structure defined by Claim 1 is anticipated by the Parr patent No. 1,526,179 (Exhibit 422). Although Parr does not include openings for receiving a spanner wrench, the need to provide such openings is taught by each of the above-described spanner wrench patents, and thus would be obvious.

54. HAI has manufactured two different wrenches: (a) an "old wrench" which had knurling and a square hole to receive a wrench, and (b) a "new wrench", introduced shortly after notice was given regarding the '449 patent. The "new wrench", instead of knurling, has a triangular configuration for gripping, and instead of a hole has a hex-shaped post for accepting a wrench. The plaintiff has admitted that the "new wrench" does not infringe Claim 1; this amounts to an admission that the alleged invention is directed to knurling and a square hole. Clearly, this does not meet the standard of invention under 35 U.S.C. § 103.

55. More than a year prior to filing the '449 patent, plaintiff made an aluminum spanner wrench which was used to tighten the water outlets on some of plaintiff's early jets. This wrench was the functional equivalent of the wrench defined by Claim 1 of the '449 patent, and included a pair of diametrically spaced pins for insertion into mating openings on the water outlet of a jet. The only differences between the wrench and that claimed in the '449 patent is the lack of knurling, and the use of a wrench receiving post instead of an opening.

56. Plaintiff's aluminum spanner wrench was used to install jets on a hydrotherapy bath unit which was submitted to the City of Los Angeles for approval on October 12, 1973. Although the exact date of use is uncertain, it must have been before October 12, 1973, when the hydrotherapy unit was submitted. In any case, this date was before the critical date of the '449 patent (March 31, 1974).

57. There were commercial uses of plaintiff's aluminum wrench on jets prior to the critical date of the '449 patent. Plaintiff sold a number of whirlpool jets to Benson Whirljet on October 11, 1973, November 19, 1973, and January 3, 1974, all of which dates are more than one year before the filing date of the '449 patent. According to plaintiff, these jets were probably like the jets shown in Exhibits 213 or 214 which included diametrically spaced openings

on the water outlet for receiving a spanner wrench. There appears to be no practical way of tightening these jets without the use of a spanner wrench. The jets shown in Exhibits 213 and 214 anticipate the jet structure portion of the Claim 1 definition.

58. The aluminum spanner wrench was in existence at the time of the first of the series of jet sales to Benson Whirljet, since plaintiff used this wrench previously to install the City of Los Angeles hydrotherapy jets. The conclusion is inescapable that one of two events occurred at, or near, the time of the first sales to Benson Whirljet in October of 1973. Either plaintiff gave, sold, or loaned the spanner wrench, or one like it, to Benson Whirljet, or he personally used the wrench to install the jets for Benson Whirljet. Otherwise, Benson Whirljet could not have completed installation of the jets which it purchased from plaintiff.

59. These public uses establish that plaintiff's aluminum wrench is prior art to the '449 patent. The differences between the aluminum wrench and the wrench defined by Claim 1, namely a wrench hold and knurling, are so trivial as to make Claim 1 obvious under Section 103.

60. Dependent claims of a patent are typically directed toward a narrower definition of the inventive feature of their parent claim. In the case of Claims 8 and 9, however, features unrelated to the wrench of the parent Claim 1 are defined. In view of the invalidity of the parent Claim 1, Claims 8 and 9 are valid only if the air inlet which they define makes the overall combination non-obvious.

61. Claim 8 defines a vertically directed inlet extending into the top of the jet housing, above the air inlet opening, the inlet being adapted to receive the lower end of a vertically directed air supply pipe. This feature of the '449 patent is included in a number of prior art references, namely the Hayward device, the Anzen device, and the Parr patent.

62. Claim 9 adds to Claim 8 a cap which is removably mounted on the upper end of the air inlet to close off the inlet. The Guiler No. 3,345,982 (Exhibit 434) and Parr No. 1,526,179 (Exhibit 422) patents disclose similar structures. Furthermore, the use of caps to close off pipes is an obvious expedient, commonly used in the trade. Thus, Claim 9 is also obvious in view of the prior art.

63. Claim 10 of the '449 patent defines a jet in combination with: (1) an extension pipe, with concrete poured there about, with the end of the extension protruding beyond the edge of the concrete; (2) a nozzle, comparable in length to the extension pipe; and (3) a "discardable" end on both the extension pipe and the nozzle.

64. The jet portion of Claim 10 is anticipated by several prior art references, such as the jet shown in the Kane brochure, the Parr patent, and the prior art Hayward jet. There is nothing patentable about the jet taken by itself.

65. Extension pipes installed in the manner defined by Claim 10 are well known in the art, as evidenced, *e.g.*, by the Kane brochure, which shows a jet with an extension sleeve extending through a concrete pool wall and includes instructions to cut the extension off flush with the tile on the inside of the pool. The Anzen jet also includes such an extension. The only difference between the extension portion of Claim 10 and the prior art relates to the provision of threads on the extension, so that it can be threadedly connected to the jet. In most of the prior art, such connection is made by means of a slip fitting (*i.e.*, an unthreaded plastic socket which receives an unthreaded plastic pipe). However, the substitution of a threaded connection for a slip fitting connection is an obvious expedient, well known to those in the art.

66. Apparently, plaintiff's claimed "invention" was to make the nozzle long, so that its tip would extend closer to the discharge outlet of the jet. However, this idea was well known in the prior art, as evidenced by Figure 5 of

Jawett patent No. 2,799,866 (Exhibit 426). Similar nozzles are disclosed in Figure 6 of Gilson patent No. 2,591,252 (Exhibit 485); Figure 2 of the Solley patent No. 2,091,167 (Exhibit 423); and Figures 3 and 4 of Everston patent No. 3,263,678 (Exhibit 430).

67. Moreover, it was common to use both nozzles and concrete extensions in combination with jets, as evidenced by the Kane brochure. Thus, the particular combination of elements defined by Claim 10 is obvious under 35 U.S.C. § 103.

68. Claim 10 also fails to particularly point out and distinctly claim the invention as required by 35 U.S.C. § 112. In this regard, plaintiff's use of the term "discardable" in Claim 10 presents a serious problem of vagueness. If "discardable" means "capable of being cut off", it is meaningless, since anything is capable of being cut off. On the other hand, if "discardable" means actually "cut off", then the term may have some meaning. But, the nozzle may be used without being cut off, and it is impossible to determine beforehand whether or not the user will cut off the nozzle.

69. The use of the term "discardable" makes it impossible to determine from examination whether a given device falls within the scope of the claim. Thus, the claim does not provide the public with adequate notice as to which devices are within the patent grant, and which are not.

70. With the exception of the Steimle patent, none of the prior art patents or devices which are the subject of these Findings were before the Patent Office during examination of the '449 patent. Plaintiff did not disclose to the Patent Office the fact that his spanner wrench was used, more than one year prior to the filing date, to install jets on the City of Los Angeles hydrotherapy unit, and on the jets sold to Benson Whirljet. Likewise, with respect to the concrete extension pipe, the plaintiff did not disclose

to the Patent Office the fact that extensions were common in the art.

TEST FOR PATENTABILITY

71. The first two elements of the test set forth in *Graham v. John Deere Co.*, 338 U.S. 1, 86 S. Ct. 684 (1966), namely (1) the scope and content of the prior art, and (2) the differences between the prior art and the claims at issue, have been considered above. The third element, *i.e.* the level of ordinary skill in the pertinent art, is the same for each of the patents at issue here. The pertinent art in this case includes at least plumbing equipment and devices for mixing air with water and injecting the mixture into a water vessel.

72. Those of ordinary skill in this art are persons having a working knowledge of plumbing fittings and fixtures, and also some knowledge of fluid mechanics and dynamics, materials and their properties, and basic mechanical engineering skills. This knowledge can be obtained by on-the-job training, and requires only a familiarity with how things work, not the scientific terms used to explain them.

FRAUD AND OTHER INEQUITABLE CONDUCT

73. Plaintiff failed to disclose to the Patent Office prior art information of which he was fully aware. This prior art information was essential to a proper evaluation of plaintiff's applications by the Patent Office. The information withheld was clearly material, and was more pertinent to the patent applications than any art found by the Patent Office in its own investigation. In several instances, the pertinent prior art which was not disclosed consisted of Mathis' own products.

74. Plaintiff's failure to disclose the pertinent prior art to the Patent Office was at the very least grossly negligent and showed a reckless disregard for the truth. This conduct related directly to each of the patents in suit as well as to the design patent, and when viewed in light of the

materiality of the withheld information, constitutes fraud on the Patent Office with respect to each patent. The patents in suit are each tainted with inequitable conduct and fraud which renders them unenforceable.

75. Each of the patents in suit are related in that they are directed to different features of the same products. Plaintiff asserts that the '655, '656, and '449 patents each apply to both the Vico No. 15 and No. 10 jets and to defendants' products, and infringement of the design patent was alleged for many of these same products. The '449 patent was a continuation-in-part of the '655 and '656 patents, while the '656 patent was a continuation-in-part of the '655 patent. Because of the close relationship of these three utility patents each to the other, as well as to the design patent, all of the patents are invalid, or at least unenforceable, if fraud is established with respect to any one of them. That being the case here, none of the patents may be enforced against defendants.

76. In addition to rendering the patents invalid or unenforceable, plaintiff's conduct also makes an award of attorneys' fees appropriate. Plaintiff's failure to disclose his knowledge of relevant prior art evidences a recklessness about the truth, at the very least. Plaintiff attempted to characterize his failure to inform the Patent Office Examiner of the relevant prior art as merely an erroneous judgment made in good faith. However, the prior art withheld from the Patent Office was so relevant to the patent claims that a good faith judgment of immateriality would have been impossible.

77. At the time plaintiff made the alleged inventions at issue here, and at the time plaintiff filed the patent applications, plaintiff had in his possession a jet manufactured by Hayward Manufacturing Company ("Hayward") (Exhibit 241) which plaintiff admits is prior art to each of the patents in suit. The jet is identical to Hayward jets which Mathis knew to be available to the public in 1971

when he began working on a whirlpool bath system. The Hayward jet was not disclosed to the Patent Office during the prosecution of the '655 patent or any of the other patents in suit.

78. In 1971, prior to the construction of his initial prototype, plaintiff was aware of hydrotherapy jets, such as Exhibit 209, which were produced by Jacuzzi Brothers, Inc. ("Jacuzzi") and which plaintiff has admitted was prior art to all of the patents in suit. The Jacuzzi jet is attached to the wall of a bathtub by placing the head through the wall of the bathtub, placing a gasket on the backside of the head, and screwing a nut onto the head to hold the head in place. Thereafter, the venturi is screwed into the back of the head and thereby mounted on the tub wall. This mounting technique permits an automatic adjustment for varying thicknesses of bathtub walls without any fastening members attached to the bathtub, a feature which is claimed in claim 1 of the '655 patent and was not disclosed in any of the prior art patents cited by the Patent Office.

79. Plaintiff was also aware as early as 1971 that the Jacuzzi jet could be supplied with air and water in a bathtub installation through the use of tees attached to the air and water inlets, and that when so assembled, multiple jets could be interconnected on a bathtub with common air and water supply lines. Jacuzzi installations of this type, with the air and water supply lines and the jets installed horizontally, anticipated Claim 1 of the '656 patent.

80. Despite his prior knowledge of the Jacuzzi jets and the manner in which they were installed, plaintiff did not disclose any of this information to the Patent Office in connection with his applications for either the '655 or '656 patents.

81. The Model 548 spa which plaintiff himself constructed and sold well over a year before filing any of his

patent applications had "no fittings" and drainage features similar to the '656 patent. None of the prior art patents had these features, yet plaintiff failed to disclose his own Model 548 to the Patent Office.

82. Prior to developing his first prototype for a spanner wrench, plaintiff was aware of and had actually seen a spanner wrench used with automobile parts. The auto wrench looked like a pair of pliers with two pins for insertion into corresponding holes in the automobile part. It was used to turn and tighten the part in the same manner a Vico spanner wrench is used to tighten a jet. Plaintiff failed to disclose this information to the Patent Office, and the Patent Examiner did not cite any prior art references showing a spanner wrench.

83. Plaintiff made and publicly used on his own jets an aluminum spanner wrench which was much closer to the wrench claimed in the '449 patent than anything found by the Patent Office. Plaintiff failed to disclose to the Patent Office either the existence of his aluminum wrench, its use in tightening the jets submitted to the city for approval, or his sale of jets with spanner wrench openings to Benson Whirljet Systems, all of which occurred more than a year before the '449 patent was applied for.

84. In 1970, prior to plaintiffs' making any of the alleged inventions in suit, it was a common practice when installing a water discharge pipe into a gunited swimming pool to extend the pipe as much as a foot beyond the final inside wall of the pool, to then gunite the pool, and finally to cut the water discharge pipe off to the length of the ultimate plaster line in order to avoid burying the discharge line within the gunite. The water discharge pipe thus served as an extension, the end of which was "discardable" so that the thickness of the pool wall could vary without affecting the installation of the discharge pipe; this is the very same technique claimed for the extension of the '449 patent. Plaintiff was aware of this practice before

filing his application for the '449 patent, but he failed to inform the Patent Office of this practice.

85. Each of the defendants were also accused of infringing Design Patent No. 244,462 in the original and early amended complaints filed by plaintiffs. Through an interrogatory, defendants sought copies of all invoices and papers evidencing sales or other disclosures or transfers, by plaintiffs of jet products covered by the patents in suit, up until the November 24, 1975 filing date of the design patent. Plaintiffs produced a total of nine such invoices, none of which indicated any activity by plaintiffs that might invalidate the patents. Upon learning independently that Vico had made additional jet sales during the period in question which had not been disclosed, defendants sought and obtained an order granting them access to Vico's files. In the course of inspecting the files, defendants discovered approximately 295 additional invoices for sales of jets to some 125 different customers, all of which sales had predated November 24, 1975. Although these documents were within the scope of the interrogatory, plaintiffs had failed to produce them. Two of the invoices evidenced sales of No. 15 jets more than one year prior to November 24, 1974, the "critical date" for the design patents, and three of the invoices evidenced jet sales to Benson Whirljet prior to March 31, 1974, the critical date for the '449 patent. These invoices were kept in Vico's files and were available to Vico at all times since they were generated.

86. One invoice showed that a No. 15 jet had been shipped to Cal-Quip Company on November 21, 1974, three days before the critical date, and that Cal-Quip had paid for the unit. It was stipulated that the jet had been offered for sale to Cal-Quip before the critical date. Although this sale clearly rendered the subject of the design patent unpatentable, plaintiff went ahead with filing of the patent application for the design patent. Further, he did not dedicate the design patent until after defendants had discovered the Cal-Quip invoice through their own efforts.

87. Another invoice which defendants discovered was for the sale of jets and other whirlpool equipment to Mar-Lyn Container Corporation, with shipment made to the residence of its president, William Warren. The invoice itself was dated only November, 1974, but associated parts lists, including one dated November 16, 1974, identified the No. 15 jet. Mathis thereafter admitted that the jets had been offered for sale a week before November 24, 1974. This constituted a placing on sale under 35 U.S.C. § 102(b). He admitted that he was ware of the sale at the time he filed his application for the design patent, and attempted to explain his failure to call it to the attention of the Patent Office by stating that, because the jet equipment was not actually shipped until February 1975, he thought it would not have any effect on the design application. He never brought the pertinent information to the attention of the Patent Office.

88. At some time prior to October 22, 1974, plaintiff met with Leonard Gordon, president of Riviera Industries, Inc. Riviera was in the business of manufacturing spas and accessories, and had been purchasing whirlpool jets from another supplier. At the meeting, plaintiff showed Mr. Gordon a large jet covered by design patent and indicated that it was available for sale. This constituted a placing on sale under 35 U.S.C. § 102(b).

89. In response to discovery requests for documents relating to the validity of the patents originally in suit, plaintiffs produced only nine out of over 300 invoices called for. Among the documents which plaintiffs withheld were the documents which ultimately led to proof of the invalidity of the design patent and its dedication to the public. Further, plaintiffs did not indicate that any documents had not been produced.

90. Not only did Vico fail to produce all of the documents called for relating to the design and '449 patents, in addition, Vico's representatives gave inconsistent tes-

timony on their efforts to locate and produce documents. Mathis, president and fifty percent owner of Vico, testified that he identified to his wife the customers whom he remembered as early jet purchasers and asked her to gather all of the documents requested in the interrogatories. Mrs. Mathis is an officer and fifty percent owner of Vico. She testified that she had seen the interrogatory, including the request for all documents relating to any of the patents in suit dated prior to November 24, 1975. She further testified that she went through all of Vico's invoice files in an attempt to locate invoices, but that she only looked for documents relating to the design patent, and only for documents dated prior to November 24, 1974, not 1975. She did this despite the fact that Mr. Mathis had asked her to locate all invoices prior to November 24, 1975, not November 24, 1974.

91. The earliest invoice which plaintiff produced evidencing the sale of a jet covered by the design patent was dated January 14, 1975, indicating that shipment had been made the same day. Early in the litigation, plaintiff's attorney sent defendant Hydro Air's attorney a letter stating that this invoice established January 14, 1975 as the first sale of the design patent jet. Despite this letter, Mrs. Mathis testified that she had seen the Cal-Quip invoice, but hadn't produced it because it was dated December 10, 1974. When asked why plaintiff had represented January 14, 1975 as the first sales date for the design patent jet despite Mrs. Mathis' having seen the earlier Cal-Quip invoice, Mathis could offer no explanation.

92. Plaintiff also produced an invoice to Benson Whirljets dated April 15, 1974, subsequent to the critical date for the '449 patent, but he failed to produce three earlier invoices dated prior to the critical date. Mrs. Mathis testified that she had seen all of the Benson invoices, but had not produced the first three because they were for sales of prototype jets, whereas the April 15, 1974 invoice was for the sale of a manufactured jet. She further tes-

tified that she had not produced the April 15, 1974 invoice because it was for a small jet, not the large jet (although she had produced numerous later-dated small jet invoices), and stated that Mathis probably produced the April 15 invoice because it was for a manufactured jet. Mathis subsequently admitted when he was presented with evidence that no manufactured jets were available until June 1974, that the April 15 invoice was also for the sale of a prototype jet, not a manufactured jet.

93. Plaintiff's course of conduct demonstrates a recklessness with regard to the truth, which justifies an award of attorneys' fees under the "exceptional case" provision of 35 U.S.C. § 285. Although it arguably also would justify an award of attorneys' fees under the Federal Rules of Civil Procedure, the award is not made on that ground.

CONCLUSIONS OF LAW

CONTROLLING LAW

1. As of October 1, 1982, all patent appeals are directed to the new Court of Appeals for the Federal Circuit, comprised of the former Court of Customs and Patent Appeals ("CCPA") and the Court of Claims. *Federal Court Improvement Act* (public law 97-164, 96 stat. 25). The Court of Appeals for Federal Circuit ("CAFC") has adopted the decisions of the CCPA and the Court of Claims as binding precedent. *South Corp. v. United States,* 690 F.2d 1368, 215 U.S.P.Q. 657 (CAFC 1982). Thus, while the decisions in the Ninth and other Circuits may be looked to as precedent in patent controversies, in case of conflict, the decisions of the CCPA and Court of Claims presumably are controlling.

PRESUMPTION OF VALIDITY

2. Section 282 of Title 35, United States Code, provides that a patent is presumed to be valid.

3. The Court of Appeals for the Federal Circuit has held that the presumption of patent validity is not weakened by the failure of the Patent Examiner to consider the most relevant prior art. Rather, even where the Patent Office Examiner did not consider the most pertinent prior art, the presumption remains and has the effect of imposing on the party asserting invalidity the burden of going forward as well as the burden of persuasion. *SSIH Equipment S.A. v. U.S.I.T.C.*, 718 F.2d 365, 375, 218 U.S.P.Q. 678 (CAFC 1983).

4. Although the burden of going forward with the proof and of persuasion is on the party asserting invalidity, that party is more likely to carry its burden of persuasion when more pertinent prior art, not considered by the Patent Examiner, is presented. *Solder Removal Co. v. U.S.I.T.C.*, 582 F.2d 628, 633, 199 U.S.P.Q. 129 (C.C.P.A. 1978).

SECTION 102: PRIOR ART AND ANTICIPATION

5. For each of the three patents in suit, there are a number of prior art references which were not before the Patent Office, and which were far more relevant than any prior art considered by the Patent Examiner.

6. Subsections (a) through (g) of 35 U.S.C. § 102 define "prior art" by enumerating the circumstances under which the grant of a patent is precluded. A publication, patent, or event may qualify as a prior art reference under any of these subsections. When all of the elements of a patent claim are found in one prior art reference, the patent claim is invalid, and the invention is said to be anticipated as a matter of law. This is true, even if the intended use of the anticipating device is different from the intended use of the claimed device. *Exer-Genie, Inc. v. McDonald,* 453 F.2d 132, 133, 171 U.S.P.Q. 277-278 (9th Cir. 1971), *cert. denied,* 405 U.S. 1075, 31 L. Ed. 2d 809, 92 S. Ct. 1498; *Beckman Instruments, Inc. v. Chemstronics, Inc.,* 428 F.2d 555, 561, 165 U.S.P.Q. 355, 360 (5th Cir. 1970), *cert. denied,* 440 U.S. 956, 276 L. Ed. 2d 264, 91 S. Ct. 353

(1970) ("[I]n order to be valid over the prior art, [the patent] must claim not novel use, but novel conception.")

7. In relevant part, 35 U.S.C. § 102 provides:

> A person shall be entitled to a patent unless— (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or . . . (e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent . . . .

8. In determining the issue of anticipation under 35 U.S.C. § 102, the only relevant inquiry is whether the claims can be read on a prior art reference. In other words, the inquiry is whether the prior art reference contains each and every element of the claim. As stated above, when all the elements of a patent claim are found in one prior art reference, where such elements do substantially the same work in the same way, the patent claim is invalid, and the invention is said to be anticipated. *See Continental Oil Co. v. Cole,* 634 F.2d 188, 195 (5th Cir. 1981), *cert. denied,* 454 U.S. 830, 102 S. Ct. 124, 70 L. Ed. 2d 106; *In re Self,* 671 F.2d 1344, 1350-1351, 213 U.S.P.Q. 1, 7 (C.C.P.A. 1982).

9. With regard to subsection (b), the date which is "more than one year prior to the date of application for patent" is referred to as the "critical date". For the purpose of subsections (a) and (e), the date that the patented device was invented is the same as the filing date of the patent

application, absent clear and unequivocal evidence to the contrary.

10. The following table shows, for each of the three patents in suit, the critical date, the invention or filing date, and the issue date.

	Critical Date	Invention or filing date	Issue date
'655	Aug. 27, 1972	Aug. 27, 1973	June 24, 1975
'656	May 16, 1973	May 16, 1974	Mar. 31, 1975
'449	Mar. 31, 1974	Mar. 31, 1975	Mar. 30, 1976

11. Based on these dates, the following table sets forth the applicable statutory subsections for each of the prior art references relied upon by the defendants for each of the three utility patents.

REFERENCE	Section(s)	Patents in Suit '655	'656	'449
Abraham (No. 1,393,482 Ex. 421)	102(b)	X		
Anzen Jet (Exhibit 291-295)	102(a) & (b)	X	X	X
Blau (No. 3,027,568 Ex. 427)	102(b)	X		
Everston (No. 3,391,870 Ex. 430)	102(b)	X		X
Gilson (No. 2,591,252 Ex. 485	102(b)			X
Greene (No. 3,749,424 Ex. 449)	102(e)	X		
Guiler (No. 3,345, 982 Ex. 434)	102(b)			X
Haker (No. 3,821,975 Ex. 450)	102(e)			X
Hayward Jet (Exhibit 241)	102(b)	X	X	X
Holt (No. 2,525,222 Ex. 424)	102(b)			X

Jacuzzi (No. 3,297,025 Ex. 432)	102(b)	X	X	
Jacuzzi (No. 3,571,820 Ex. 442)	102(b)	X		
Jacuzzi Jet (Exhibit 209)	102(a) & (b)	X		
Jawett (No. 2,799,866 Ex. 426)	102(b)			X
Kane Brochure (Exhibit 237)	102(a) & (b)			X
Mathis Aluminum Wrench (Exhibit 264)	102(b)			X
Mathis Jets (Exhibits 213, 214)	102(b)			X
Nash (No. 3,391,870 Ex. 436)	102(b)	X		
Noyes (No. 672,217 Ex. 420)	102(b)			X
Parr (No. 1,526,179 Ex. 422)	102(b)	X	X	X
Rudolph (No. 3,073,206 Ex. 429)	102(b)			X
Solley (No. 2,091,167 Ex. 423)	102(b)			X
Steimle (No. 3,628,529 Ex. 444)	102(b)			X
Vico Model 548 Ultra Spa	102(b)		X	
Whelan (No. 1,164,561 Ex. 4[illegible])	102(b)			X
Witten Jr. (No. 3,432,867 Ex. 440)	102(b)	X		

12. With the exception of the Mathis Jets and the Mathis aluminum wrench, all of the above references are either stipulated or admitted to be prior art, or are patents having the appropriate issuance or filing dates required by § 102, subsections (b) and (e). The Mathis aluminum wrench is prior art under the "public use" provisions of subsection 102(b). The Mathis jets are prior art under the "on sale" provision of § 102(b) by virtue of their sale to Benson.

PUBLIC USE

13. Under the patent laws, an inventor is given a one-year period for filing his patent application. The one-year period begins to run when the inventor does certain acts, one of which is placing the invention in public use.

14. A single use, not incidental to experiment, of a device embodying the invention by a person, other than the inventor, where the user is under no obligation of secrecy, can constitute a public use. *Watson v. Allen,* 254 F.2d 342, 345 (D.C. Cir. 1958).

15. In addition, public use includes commercial exploitation by the inventor of a machine or process, even though the machine or process is kept secret. Thus, if an inventor secretly uses a tool (such as the Mathis aluminum wrench) which he has invented to build or put together a product in his factory, and sells the product, this constitutes a public use of the *tool. In re Yarn Processing Patent Validity Litigation,* 498 F.2d 271, 277, 183 U.S.P.Q. 65 (5th Cir. 1974), *cert. denied, sub nom. Sauquoit Fibers Co. v. Lessona Corp.,* 419 U.S. 1057 (1974), 42 L. Ed. 2d 654, 95 S. Ct. 640; *Metallizing Engineering Co. v. Kenyon Bearing and Auto Parts Co.,* 153 F.2d 516 (2d Cir. 1946), *cert. denied,* 328 U.S. 840, 90 L. Ed. 1615, 66 S. Ct. 1016 (1946).

16. The Mathis aluminum wrench was in public use more than one year before filing the application for the '449 patent under either of the above tests. Such public use invalidates the patent under 35 U.S.C. § 102(b).

OBVIOUSNESS

17. Section 103 provides that, even though the invention is not anticipated under § 102, the invention is not patentable if, in view of the prior art, the invention would have been obvious to one of ordinary skill in the art. Section 103 provides:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

18. The term "prior art", as used in § 103, is defined by § 102. Under § 103, however, only analogous art may be relied upon as prior art. "If elements and purpose in one art are so related and similar to those in another art that the relationship would appeal to the mind of a person having mechanical skill and knowledge of the purposes of the other, then the arts may be said to be analogous". *San Marino Electronic Corp. v. Geo. J. Meyer Mfg. Co.*, 155 U.S.P.Q. 617, 632 (C.D. Cal. 1967) (No official report), *aff'd sub nom. Geo. J. Meyer Mfg. Co. v. San Marino Electronic Corp.*, 422 F.2d 1285 (9th Cir. 1970). In affirming this case, the Court of Appeals for the Ninth Circuit further stated that prior art "includes not only the knowledge accumulated with respect to a problem in a particular industry[,] but that accumulated in those scientific fields the techniques of which have been commonly employed to solve problems of a similar kind in the particular and closely related fields." *Geo. J. Meyer Mfg. Co. v. San Marino Electronic Corp.*, 422 F.2d 1285, 1288, 165 U.S.P.Q. 23, 26 (9th Cir. 1970).

19. The Court of Customs and Patent Appeals has adopted a two-step test to determine whether a reference is analogous under § 103. The first step is to decide whether the reference is within the field of the inventor's endeavor. If so, the reference is automatically considered to form part of the prior art. If the reference is not within

the field of the inventor's endeavor, the court must determine whether it is reasonably pertinent to the particular problem with which the inventor was involved. *In re Wood*, 599 F.2d 1032, 1036, 202 U.S.P.Q. 171, 174 (C.C.P.A. 1979). Thus, the scope of the pertinent prior art is not defined solely by the particular item of commerce or field of use in which the patentee's invention has particular application. Rather, the pertinent prior art is defined in terms of the "nature of the problems confronting the would-be inventor," which may include many diverse areas of use. *In re Miot-Fijalkowski*, 676 F.2d 666, 669-670, 213 U.S.P.Q. 713, 716 (C.C.P.A. 1982).

20. In *Graham v. John Deere Co.*, 383 U.S. 1, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966), the Supreme Court defined the test for non-obviousness:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.

383 U.S. at 17, 86 S. Ct. at 694.

21. There is no requirement that the inventor actually know of the prior art, nor is there any requirement that the art would have been uncovered in a patent search, had the inventor conducted one. Rather, "[t]he issue of obviousness is determined entirely with reference to a *hypothetical* 'person having ordinary skill in the art.' It is only that hypothetical person who is presumed to be aware of all the pertinent prior art. The actual inventor's skill is irrelevant to the inquiry. . . ." *Standard Oil Co. v. American Cyanamid Co.*, 744 F.2d 448, 455 (CAFC 1985) (emphasis in original). *See also Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1449-53 (CAFC 1984).

22. Thus, "the test for patentable invention is whether the innovation would have been obvious to a person of

ordinary skill [in the art] charged with complete knowledge of all pertinent prior developments. . . ." *Tveter v. AB Turn-O-Matic*, 633 F.2d 831, 834, 209 U.S.P.Q. 22, 26 (9th Cir. 1980), *cert. denied*, 451 U.S. 911, 68 L. Ed. 2d 300, 101 S. Ct. 1983 (1981). The level of skill possessed by this hypothetical person of ordinary skill is a question of fact, but the issue of obviousness is a question of law.

23. The mere exercise of skill and ingenuity does not meet the standard of invention even though it results in "great convenience, producing a desired result in a cheaper and faster way, and enjoying commercial success . . . ." *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 282, 47 L. Ed. 2d 784, 96 S. Ct. 1532, 180 U.S.P.Q. 449, 453 (1976). As the Ninth Circuit Court of Appeals in *Tveter v. AB Turn-O-Matic* stated:

> An innovation is not necessarily patentable because it results in greater convenience and utility. to be patentable, an innovation must embody "invention"; and "invention" excludes adjustments, alterations, and improvements that could be expected to result from the exercise of the skill and ingenuity of a mechanic charged with knowledge of all that is disclosed in the prior art. This is the exclusion expressed in Section 103's requirement that the innovation must not be "obvious" to such a person. [Citation omitted.]

633 F.2d at 834, 209 U.S.P.Q. at 26.

24. It is not invention to "combine ideas or information which are drawn from the existing fund of public knowledge and which produces results that would be expected by one of ordinary skill in the art." *Farmer Bros. Co. v. Coca-Cola Co.*, 384 F. Supp. 595, 599; 184 U.S.P.Q. 587, 589 (C.D. Cal. 1974).

25. Whether the patentee has made a significant contribution to the art is not determinative of patentability.

The advantages of the claimed invention over the prior art are merely secondary considerations in determining whether the invention is obvious; they are not determinative. *Great A&P Tea Co. v. Supermarket Equipment Co.*, 340 U.S. 147, 153, 95 L. Ed. 162, 71 S. Ct. 127, 87 U.S.P.Q. 303, 306 (1950).

26. Whether or not the industry adopts the patentee's improvements is also not determinative of patentability. *Goldman v. Bobbins*, 245 F.2d 840, 844; 114 U.S.P.Q. 137, 140 (7th Cir. 1957).

27. Each of the patents in suit are invalid under 35 U.S.C. § 103, and the independent claims of the '655 and '656 patent are invalid by anticipation under 35 U.S.C. § 102.

SECTION 112

28. Section 111 requires that the application for patent shall include a specification as provided in section 112. Section 112 provides that an inventor shall conclude the specification "with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention."

29. The requirement of clarity in patent claims is based upon the public's right to notice regarding potential infringement. *General Electric Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369, 82 L. Ed. 1402, 58 S. Ct. 899 (1938).

30. In *United Carbon Co. v. Binney and Smith Co.*, 317 U.S. 228, 87 L. Ed. 232, 63 S. Ct. 165 (1942), Justice Jackson stated:

> To sustain claims so indefinite as not to give the notice required by the statute would be in direct contravention of the public interest which Congress therein recognized and sought to protect.

317 U.S. at 233.

> The statutory requirement of particularity and distinctness in claims is met only when they clearly distinguish what is claimed from what went before in the art and clearly circumscribe what is foreclosed from future enterprise. A zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field.

317 U.S. at 236.

31. By making the claims vague and indefinite, the inventor is able to broaden the claims to include devices which he considers to be infringing, or narrow the claims to avoid prior art, simply by interpreting the claims in the manner best suited to extend his monopoly power. Section 112, therefore, requires the inventor to particularly point out and distinctly claim his invention. *Nelson v. Batson,* 322 F.2d 132, 134, 138 U.S.P.Q. 552, 553-554 (9th Cir. 1963).

32. In the case of *Application of Collier,* 397 F.2d 1003, 158 U.S.P.Q. 266 (C.C.P.A. 1968), the patentee defined his inventions in terms of a "crimpable" member, but did not positively point out whether such member was crimped or not crimped. The U.S. Patent Office Board of appeals rejected the claim as indefinite under 35 U.S.C. § 112 and the CCPA affirmed the rejection stating:

> The main fault we observe in Claim 17 is indefiniteness in the sense that things which may be done are not required to be done. For example, the ferrule or connector member is crimpable, but not required, structurally, to be crimped. . . .

397 F.2d at 1006.

33. The '656 patent and Claim 10 of the '449 patent fail to satisfy the requirements of section 112, and are therefore invalid.

FRAUD AND OTHER INEQUITABLE CONDUCT

34. Inequitable conduct on the part of the applicant in obtaining a patent may cause a court to refuse to enforce the patent against infringing parties. *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 89 L. Ed. 1381, 65 S. Ct. 993 (1945). In *Precision Instrument*, the court refused to enforce a patent where the patentee had failed to disclose its knowledge that another party to an interference proceeding involving the patent had committed perjury. Finding that the patentee "ha[d] not displayed the standard of conduct requisite to the maintenance of [a] suit in equity," 324 U.S. at 819, the court dismissed the infringement action under the equitable doctrine of unclean hands, stating that:

> A patent by its very nature is affected with a public interest. . . . [A] patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that the patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.

324 U.S. at 816.

35. One of the most frequently cited cases in this area is *Norton v. Curtiss*, 433 F.2d 779, 167 U.S.P.Q. 532, (CCPA 1970). In *Carpet Seaming Tape Licensing Corp. v. Best Seams, Inc.*, 616 F.2d 1133, 1139, fn4, 206 U.S.P.Q. 213, the Ninth Circuit quoted from *Norton v. Curtiss* in defining the scienter requirement in patent fraud:

> [T]he procurement of a patent involves the public interest, not only in regard to the subject matter of the patent grant, but also in the system under which that grant is obtained. Conduct in this area

> necessarily must be judged with that interest always taken into account and objective standards applied. Good faith and subjective intent, while they are to be considered, should not *necessarily* be made controlling. Under ordinary circumstances, the *fact* of misrepresentation coupled with proof that the party making it had knowledge of its falsity is enough to warrant drawing the inference that there was a fraudulent intent. Where public policy demands a complete and accurate disclosure it may suffice to show nothing more than that the misrepresentations were made in an atmosphere of gross negligence as to their truth.

433 F.2d at 795-96 (emphasis in original).

36. The CAFC has recently clarified the concept of fraud on the Patent Office in *American Hoist & Derrick Co. v. Sowa & Sans, Inc.*, 725 F.2d 1350, 220 U.S.P.Q. 763 (CAFC 1984), *cert. denied*, 83 L. Ed. 2d 41, 105 S. Ct. 95, 53 U.S.L.W. 3236. This decision dealt with fraud under the patent laws as a concept distinct from common law fraud, and established a sliding scale between intent and the materiality of the withheld information as the applicable test.

> The considerations here are distinct from fraud as a common law cause of action. In the latter instance, it is usual that a jury can render a verdict for plaintiff by answering affirmatively the factual questions of (1) knowing (2) misrepresentation or omission (3) of a material ("important" or "inducing") fact, (4) intent, and (5) reliance by the party deceived (6) to his damage. It need only answer "yes" to these fact questions to find fraud.
>
> Here, however, because an applicant's misrepresentation or failure to meet his "duty to disclose

> to the Office information . . . which is material" will not in itself render a patent invalid or unenforceable, see 37 CFR 1.56(a) and (d), "fraud" may be determined only by a careful balancing of intent in light of materiality.

725 F.2d at 1363-4; 220 U.S.P.Q. at 773-74.

37. Where the pertinence of the information is clear, the applicant has no discretion to withhold it. In *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 407 F.2d 228, 160 U.S.P.Q. 577 (9th Cir. 1969), the Ninth Circuit rejected the patent owner's excuse that its failure to disclose prior public uses was based on a good faith belief that they were experimental and did not differ in kind from other uses that were disclosed. The court responded by stating, "Whatever theory Monolith may have had in mind about the legal effect of the 1955 uses, it failed to disclose openly and fully the underlying facts to the Patent Office." 407 F.2d at 295.

38. Failure to disclose offers for sale or public uses of the patented invention made more than a year before the filing date constitutes an affirmative misrepresentation, since the declaration signed by the applicant in applying for the patent states affirmatively that there have been no such bars to patentability.

39. A patent applicant has a duty not only to refrain from positive misrepresentations, but also to disclose all material prior art known to him, especially prior art which is more relevant than that cited and considered by the Examiner. *True Temper Corp. v. C.F. & I. Steel Corp.*, 601 F.2d 495, 507-8, 202 U.S.P.Q. 412 (10th Cir. 1979). A failure to disclose material prior art is an omission which can also constitute fraud. *Beckman Instruments, Inc. v. Chemtronics*, 428 F.2d 555, 564-65 (5th Cir. 1970), *cert. denied*, 400 U.S. 956, 27 L. Ed. 2d 264, 91 S. Ct. 353.

40. The Patent Office regulations codifying the test for materiality state:

> [I]nformation is material where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent.

37 C.F.R. § 1.56.

41. In *American Hoist & Derrick Co. v. Sowa & Sand, Inc., supra,* the CAFC adopted the Patent Office § 1.56 standard as "an appropriate starting point for any discussion of materiality, for it appears to be the broadest, thus encompassing the others, and because that materiality boundary most closely aligns with how one ought to conduct business with the (Patent Office)." (725 F.2d at 1363.) As with plaintiff's patents, the patent involved in *American Hoist* was applied for *before* the effective date of § 1.56.

42. The CAFC went on to adopt the holding in *Digital Equipment Corp. v. Diamond,* 653 F.2d 701, 210 U.S.P.Q. 521 (1st cir. 1981), that materiality was not the only consideration.

> Questions of "materiality" and "culpability" are often interrelated and intertwined, so that a lesser showing of the materiality of the withheld information may suffice when an intentional scheme to defraud is established, whereas a greater showing of the materiality of withheld information would necessarily create an inference that its non-disclosure was "wrongful."

725 F.2d at 1363, quoting 220 U.S.P.Q. at 773, 653 F.2d at 716, 210 U.S.P.Q. at 538. Thus, where an objective "but for" inquiry is satisfied, "although one is not necessarily grossly negligent in failing to anticipate judicial resolution of validity, a lesser showing of facts from which intent may be inferred may be sufficient to justify holding the patent invalid or unenforceable, in whole or in part." Conversely, a showing of something more than gross neg-

ligence or recklessness may be required when the withheld information is not crucial. Intent may be shown by "any relevant degree of proof—from inference to direct evidence, i.e., from gross negligence or recklessness to a deliberate scheming." (725 F.2d at 1363, 220 U.S.P.Q. at 773).

43. Plaintiff breached his duty to the Patent Office with respect to the three utility patents in suit and also the design patent by failing to disclose prior art of which he was aware and which was more pertinent to his applications than any of the reference found by the Examiner. The nondisclosed prior art was so material to the issuance of the patents that the appropriate standard of intent for fraud must be held to be gross negligence or recklessness. For the '655 patent, the arguments plaintiff presented to the Patent Office, which ultimately resulted in the allowance of his application, could not have been made had he disclosed the Hayward and Jacuzzi jets; in fact, his arguments show that these prior art jets were much closer to his claimed invention than any of the cited art. The '656 patent is invalid in view of the prior art method of installing jets, which was known to plaintiff, and plaintiff's own Model 548 spa, neither of which was disclosed to the Patent Office. The materiality of this prior art can hardly be open to dispute. For the '499 patent, plaintiff's own commercialization of jets and associated spanner wrenches, as well as his undisclosed knowledge of swimming pool construction practices, was so material as to render the patent invalid. His undisclosed sales of jets covered by the design patent was also sufficiently material as to invalidate the patent.

44. The evidence of scienter was insufficient to establish fraud in the common law sense. However, Mathis' unexcused failure to disclose his knowledge of prior art that was obviously material, and in fact invalidated all of his patents, was a fraud on the Patent Office for each of the four patents.

45. Fraud in the procurement of a patent results in the following consequences:

(a) The patent is invalid and unenforceable.

(b) Related patents owned by the same party which have been litigated together with the fraudulently procured patent are unenforceable.

(c) The case may be held "exceptional" under 35 U.S.C. § 285 and defendants awarded their reasonable attorneys' fees expended in defending an infringement action brought on the fraudulently procured patent.

46. Fraud committed with respect to one patent renders other related patents unenforceable where enforcement of all of the patents is sought. The necessary relation among patents is present where the devices covered by the various patents are important, if not essential, parts of the same machine. *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 78 L. Ed. 293, 54 S. Ct. 146 (1933). The Mathis utility and design patents are so closely related that fraud with respect to any one of them will invalidate the others.

47. An action is "exceptional" within the meaning of 35 U.S.C. § 285 upon "a finding of unfairness or bad faith in the conduct of the losing party, or some other equitable consideration of similar force, which makes it grossly unjust that the winner of the particular lawsuit be left to bear the burden of his counsel fees. . . ." *Park-in-Theatres v. Perkins*, 190 F.2d 137, 142 (9th Cir. 1951). Fraud on the Patent Office is clearly a sufficient basis to hold an infringement suit exceptional.

48. The CAFC has recently confirmed its rule that "a case under 35 U.S.C. 285 'may be exceptional for some other reason than inequitable conduct during prosecution (of the patent application)," *Hughes v. Novi American, Inc.*, 724 F.2d 122, 220 U.S.P.Q. 707, 710 (CAFC 1984). In *Hughes*, early sales and advertising which barred the grant

of a patent were brought to light seven months prior to trial. The CAFC affirmed an award of attorney's fees based on both gross negligence or intentional misrepresentation by the inventor in failing to inform the Patent Office of the sales activity, and the persistence of the purchaser of the patent in maintaining the litigation after it had knowledge of the invalidating prior use and sale. Furthermore, the inventor was personally held liable for attorneys' fees because of false interrogatory answers he filed denying the prior public use and sale, as well as his awareness that the defendant did not infringe. In the present litigation, Mr. Mathis' withholding of documents that proved the invalidity of the design patent, his continuance of the suit on the utility patents after becoming aware of the prior art Parr patent that clearly rendered them invalid, and his misleading "simulation" of the Parr patent all render the case exceptional and warrant an award of attorneys' fees.

49. The dedication of the design patent to the public makes the defendants prevailing parties under 35 U.S.C. § 285, *Rotoflow Corp. v. Mafi-Trench Corp.*, (C.D. Cal. 1981) [unpublished report], *Western Food Equipment Co. v. Foss America, Inc.*, 205 U.S.P.Q. 835, 838 (D. Ore. 1980) [no official report]. Defendants are also the prevailing parties on the other patents, all of which were found to be invalid.

50. This case is exceptional with respect to all of the patents in suit, none of which is enforceable, and defendants are entitled to recover their reasonable attorney's fees expended in defending against the three utility patents and the design patent.

51. If any Finding of Fact is construed as a Conclusion of Law, or any Conclusion of Law herein is construed as a Finding of Fact, the same is deemed to be such.

DATED: February 19, 1986

/s/ MARIANA R. PFAELZER
Mariana R. Pfaelzer
United States District Judge

Three Identical and Separate Judgments of the District Court

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV 80-1389 MRP

CLEO D. MATHIS, an individual,

Plaintiff,

v.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual,

Defendants.

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

v.

BILL SPEARS, an individual, d/b/a WATERWAY PLASTICS and WATERWAY PLASTICS, INC., a corporation,

Defendants.

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

v.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals, and HYDRABATHS, a corporation,

Defendants.

FILED
MAR 20 1986

JUDGMENT

This action came for trial before the Court, the Honorable Mariana R. Pfaelzer, District Judge, presiding, and the issues have been duly tried and a decision has been duly rendered.

The Court heretofore has filed its Findings of Fact and Conclusions of Law pursuant to the provisions of Rule 52(a) of the Federal Rules of Civil Procedure.

IT IS ORDERED, ADJUDGED AND DECREED that:

1. Claim 1 of the United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. §§ 102(b) and 103.

2. Claim 2 of the United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. § 103.

3. Claim 6 of the United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. § 103.

4. Claim 7 of the United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. § 103.

5. All Claims of the United States Letters Patent No. 3,890,655, issued June 24, 1975, are invalid due to Plaintiff's fraud on the Patent Office.

6. Claim 1 of the United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 102(b), 103, and 112.

7. Claim 2 of the United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

8. Claim 3 of the United States Letter Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

9. Claim 4 of the United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

10. Claim 5 of the United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

11. All Claims of the United States Letters Patent No. 3,890,656, issued March 31, 1975, are invalid due to Plaintiff's fraud on the Patent Office.

12. Claim 1 of the United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. § 103.

13. Claim 8 of the United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. § 103.

14. Claim 9 of the United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. § 103.

15. Claim 10 of the United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. §§ 103 and 112.

16. All Claims of the United States Letters Patent No. 3,946,449, issued March 30, 19766, are invalid due to Plaintiff's fraud on the Patent Office.

17. United States Design Patent No. D 244, 462, issued May 24, 1977, is invalid due to Plaintiff's fraud on the Patent Office.

18. This is an exceptional case under 35 U.S.C. § 285 with respect to all of the patents in suit, and defendants Hydro Air Industries, Inc., and Gerald Moreland are awarded reasonable attorneys fees.

19. The Court will retain jurisdiction of this matter pending a determination of the amount of defendants Hy-

dro Air Industries, Inc., and Gerald Moreland's reasonable attorneys fees.

20. Hydro Air Industries, Inc., and Gerald Moreland shall recover against Cleo D. Mathis costs in an amount to be determined.

DATED: MARCH 20, 1986

/s/MARIANA R. PFAELZER
United States District Judge

SC-220:jr
021186

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV 80-4481 MRP

CLEO D. MATHIS, an individual

Plaintiff,

v.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual

Defendants.

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

v.

BILL SPEARS, an individual, d.b.a. WATERWAY PLASTICS and WATERWAY PLASTICS, INC., a corporation,

Defendants.

CLEO D. MATHIS, an individual and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

v.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals, and HYDRABATHS, a corporation,

Defendants.

FILED
MAR 20 1986

JUDGMENT

This action came for trial before the Court, the Honorable Mariana R. Pfaelzer, District Judge, presiding, and the issues have been duly tried and a decision has been duly rendered.

The Court heretofore has filed its findings of Fact and Conclusions of Law pursuant to the provisions of Rule 52(a) of the Federal Rules of Civil Procedure.

IT IS ORDERED, ADJUDGED AND DECREED that:

1. Claim 1 of United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. §§ 102(b) and 103.

2. Claim 2 of United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. § 103.

3. Claim 6 of United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. § 103.

4. Claim 7 of United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. § 103.

5. All Claims of United States Letters Patent No. 3,890,655, issued June 24, 1975, are invalid due to Plaintiff's fraud on the Patent Office.

6. Claim 1 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 102(b), 103, and 112.

7. Claim 2 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

8. Claim 3 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

9. Claim 4 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

10. Claim 5 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. §§ 103 and 112.

11. All Claims of United States Letters Patent No. 3,890,656, issued March 31, 1975, are invalid due to Plaintiff's fraud on the Patent Office.

12. Claim 1 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. §103.

13. Claim 8 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. § 103.

14. Claim 9 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. § 103.

15. Claim 10 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35, U.S.C. §§ 103 and 112.

16. All claims of United States Letters Patent No. 3,946,449, issued March 30, 1976, are invalid due to Plaintiff's fraud on the Patent Office.

17. United States Design Patent No. D 244,462, issued May 24, 1977, is invalid due to Plaintiff's fraud on the Patent Office.

18. This is an exceptional case under 35 U.S.C. § 285 with respect to all of the patents in suit, and Defendants are awarded reasonable attorneys fees.

19. The Court will retain jurisdiction of this matter pending a determination of the amount of Defendants Bill

Spears and Waterway Plastics, Inc.'s reasonable attorneys fees.

20. Bill Spears and Waterway Plastics, Inc. shall recover their costs against Cleo D. Mathis and Vico Products Manufacturing Co., Inc. in an amount to be determined.

Date: March 20, 1986

MARIANA R. PFAELZER

MARIANA R. PFAELZER

United States District Judge

Submitted by:

Date: March 14, 1986

By: RICHARD S. KOPPEL

RICHARD S. KOPPEL

Attorney for Defendants

Bill Spears and Waterway

Plastics, Inc.

39/922a

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Civil No. 80-1389-MRP(Px)

CLEO D. MATHIS, an individual,

Plaintiff,

vs.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual,

Defendants.

Civil No. 80-04481-MRP(Px)

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

vs.

BILL SPEARS, an individual, d.b.a. WATERWAY PLASTICS and WATERWAY PLASTICS, INC., a corporation

Defendants.

Civil No. 81-1631-MRP(Px)

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,

Plaintiffs,

vs.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals, and HYDRABATHS, a corporation

Defendants.

FILED

MAR 20 1986

JUDGMENT

This action came for trial before the Court, the Honorable Mariana R. Pfaelzer, District Judge, presiding, and the issues have been duly tried and a decision has been duly rendered.

The Court heretofore filed its Findings of Fact and Conclusions of Law pursuant to the provisions of Rule 52(a) of the Federal Rules of Civil Procedure.

IT IS ORDERED, ADJUDGED AND DECREED that:

1. Claim 1 of United States Letters Patent No. 3,890,655 issued June 24, 1975, is invalid under 35 U.S.C. Sections 102(b) and 103.

2. Claim 2 of United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. Section 103.

3. Claim 6 of United States Letters Patent No. 3,890,655, issued June 24, 1975, is invalid under 35 U.S.C. Section 103.

4. Claim 7 of United States Letters Patent No. 3,890,655 issued June 24, 1975, is invalid under 35 U.S.C. Section 103.

5. All Claims of United States Letters Patent No. 3,890,655, issued June 24, 1975, are invalid due to Plaintiff's fraud on the Patent Office.

6. Claim 1 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. Sections 102(b), 103 and 112.

7. Claim 2 of United States Letters Patent No. 3,890,656 issued March 31, 1975, is invalid under 35 U.S.C. Sections 103 and 112.

8. Claim 3 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. Sections 103 and 112.

9. Claim 4 of United States Letters Patent No. 3,890,656, issued March 31, 1975, is invalid under 35 U.S.C. Sections 103 and 112.

10. Claim 5 of United States Letters Patent No. 3,890,656 issued March 31, 1975, is invalid under 35 U.S.C. Sections 103 and 112.

11. All claims of United States Letters Patent No. 3,890,656 issued March 31, 1975, are invalid due to Plaintiff's fraud on the Patent Office.

12. Claim 1 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. Section 103.

13. Claim 8 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. Section 103.

14. Claim 9 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. Section 103.

15. Claim 10 of United States Letters Patent No. 3,946,449, issued March 30, 1976, is invalid under 35 U.S.C. Sections 103 and 112.

16. All claims of United States Letters Patent No. 3,946,449, issued March 30, 1976, are invalid due to Plaintiff's fraud on the Patent Office.

17. United States Design Patent No. D 244, 462, issued May 24, 1977, is invalid due to Plaintiff's fraud on the Patent Office.

18. This is an exceptional case under 35 U.S.C. Section 285 with respect to all of the patents in suit, and Defendants Philip E. Chalberg, Robert Weygand and Hydrabaths are awarded reasonable attorneys fees.

19. The Court will retain jurisdiction of this matter pending a determination of the amount of Defendants Philip E. Chalberg, Robert Weygand and Hydrabaths reasonable attorneys fees.

20. Philip E. Chalberg, Robert Weygand and Hydrabaths shall recover against Cleo D. Mathis and VICO Products Manufacturing, Inc. costs in an amount to be determined.

DATED: MARCH 20, 1986

/s/MARIANA R. PFAELZER
MARIANA R. PFAELZER
United States District Judge

Ruling of Trial Court after Trial

* * * *

THE COURT: Now, I'd like you to sit down, if you will. Let's go through this because I don't purport to be now telling you what the findings and conclusions will look like precisely, but I want to give you an idea of what they will sound like and then I want to discuss how we are going to proceed from this point.

Now, I want to begin by saying that in taking the proposed findings that the defendants gave me,—I am now referring to page 67, and on page 67 I am referring to 28. The Court is going to conclude that each of the patents in suit is invalid under Section 103, and that the inde-

pendent claims of the '655 and the '656 patent are invalid by anticipation under Section 102.

Now, that is obviously a conclusion. I will come back to the support for that in just a minute.

On page 62 of that, those same findings, taking No. 16, I am going to conclude that the Mathis wrench was in public use more than one year before filing the application for the '449 patent under either of the tests which are set forth in the prior suggested findings, and that public use invalidates that patent under 102(b).

I now want to go on and tell you that with respect to the '655 patent, reading from page 17, No. 40, it is clear that regardless of the number of details covered by the dependent claims, they don't salvage the underlying invalidity of independent Claim 1.

And I would adopt that particular claim—I mean, that particular finding and, in fact, I will agree with the following findings before that. Now, I haven't done this in detail yet because I want to go line by line when I get there.

But I agree with one, two, three, four, five, six, seven, eight, ten, eleven, twelve, thirteen and fourteen.

I agree with a little part of fifteen but I wouldn't agree with all of it. I agree with sixteen and seventeen. I agree with nineteen, almost all of it, and twenty, twenty-one and twenty-two.

Then with respect to the '656 patent, going to page 21, I agree with forty-eight and forty-nine; fifty-one and fifty-two and fifty-three. I am not going to make a finding on Schindler. There is a mistake in Schindler, I have no doubt, but I am not purporting to make a finding about that.

Then on page 32, with respect to the '449 patent, I agree with that finding which is No. Eighty-eight, or the conclusion.

Now, if I had to go on to the issue of infringement, which I do not have to do and it is not proper for me to do it, but I am still going to say this so that there is some guidance for what people are going to do. If I had to reach the issue of infringement, I would have found that there was file wrapper estoppel and that that file wrapper estoppel negated the doctrine of equivalents, and that, therefore, the doctrine couldn't be applied in this case.

I would have found that in all likelihood there was fraud on the Patent Office, but I would not have found the kind of scienter that is equivalent to real fraud, where the inventor has acted with a bad and evil motive. That I never could have found. But I would have found a state of mind sufficient for fraud on the Patent Office.

Now, the principal problem in this case, in my opinion, is the way the patent was prosecuted in the Patent Office. The claims are very unclear. I doubt that the invention was properly stated.

But I have to take patents the way they come to me. In this particular instance, taking them the way they come to me, I think they are all three invalid. As I say, if I had found them to be valid, I would still not have found infringement.

Now, I would suggest that the defendants should take their findings and prepare a new set by deleting and cutting and all of that, and give them to the Court so that I can take them line by line. I have very detailed notes of this case.

I haven't really spent a very long time looking at the transcript. I read all of the exhibits again, but I may feel that—I will not do the findings until I have gone through the transcript. But what I am now announcing to you came from my examination of the exhibits again and from the detailed notes that I had, and from reading the trial briefs again, and from the stipulation as to facts that you gave

me, and from reading a portion of Mr. Jessup's testimony, the portion of it dealing with the Parr patent and the test which was done here in the courtroom.

Now, I want you to know that the testimony about the Parr patent is very important, and the tests are a very important part of the decision that I made. So I accept the comments that Mr. Jessup made about the Parr patent.

When you are dealing with the findings you should give emphasis to that.

Now, let me ask the defendants. Have I given you sufficient guidance so you can prepare by cutting and deleting and lining out the findings and conclusions?

MR. BEAR: I believe so, your Honor.

THE COURT: All right. Now, Mr. DaRin, if there is anything that—I want to give you a sufficient length of time to make a comment on the findings and conclusions. So if you will agree between yourselves as to the date when you will send in the findings and conclusions, and then you will agree on a date when we can come in here and together discuss them. I mean, I will give you an opportunity to discuss them with me before I actually do the last draft.

MR. BEAR: Your Honor, have you made any ruling as to attorneys' fees?

THE COURT: No. I will discuss that with you when you come in here.

MR. BEAR: All right.

THE COURT: Now, is there anything else? Anything further?

MR. BEAR: No. There are some other matters—

THE COURT: You have to agree on the time when you do this.

MR. BEAR: You want our findings first and then to have Mr. DaRin have some time, and then come back in?

THE COURT: Yes, yes. Here is what I want to do: I want you to submit the findings and conclusions to me. I want that within a relatively short period of time. What you do is you take the ones that you gave me, you line out the things which—obviously you have to take out all the portions on infringement. Then you give Mr. DaRin whatever length of time he wants to consider them. He has to file nothing by way of objection. Then we will go through the ones to which you have an objection, Mr. DaRin, because it is too much trouble to start writing things again. It won't be any trouble to you because you just have to take what you already submitted.

MR. BEAR: If we can get a transcript of today's proceedings, because my notes are fairly limited, promptly, then I would think within two weeks we could have the findings.

THE COURT: All right.

MR. BEAR: Then I will serve them on Mr. DaRin at the same time, and then, if possibly within a week after that, so three weeks.

THE COURT: Well, you will decide. Go out in the hall and decide, and then you let Mr. Flores know what you want to do.

Now, the only reason I am not suggesting again that you file any written objections is that we have had enough writing and I don't think that is really necessary or desirable at this point. At the time that you come in on the findings and conclusions we will then discuss the attorneys' fees.

MR. BEAR: Yes.

THE COURT: Nothing more needs to be filed on those because I know that law very well indeed. All right. Thank you.

• • • •

Plaintiffs' Objections to Defendants' Joint, Proposed Findings of Fact and Conclusions of Law Showing How the Attack on the Findings and Conclusions of Law Was Raised

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HONORABLE MARIANA R. PFAELZER, JUDGE PRESIDING

CV 80-1389-MRP

CLEO D. MATHIS, an individual,
Plaintiff,
vs.

HYDRO AIR INDUSTRIES, INC., a corporation, and GERALD MORELAND, an individual,
Defendants.

No. CV 80-4481-MRP

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,
Plaintiffs,
vs.

BILL SPEARS, an individual, d.b.a. WATERWAY PLASTICS and WATERWAY PLASTICS, INC., a corporation, and B & S PLASTICS, INC., a corporation,
Defendants.

No. CV 81-1631-MRP

CLEO D. MATHIS, an individual, and VICO PRODUCTS MANUFACTURING CO., INC., a corporation,
Plaintiffs,

vs.

PHILIP E. CHALBERG and ROBERT WEYGAND, individuals, and HYDRABATHS, a corporation,
Defendants.

AUGUST 8, 1983

• • • •

Now then, let us go on to the objections that you have to the findings.

MR. DaRIN: I have a large number of objections to the findings of fact and the conclusions of law, your Honor.

THE COURT: All right.

MR. DaRIN: I found it very surprising that on the brief comments your Honor apparently made the last time we met that we could generate so many findings and conclusions of law on those brief comments.

I'd like to request, make a request if I can at this time.

The last time when you ruled, you indicated that you were not going to require any findings on infringement of the patent in suit. I'd like you to reconsider that, if you will.

THE COURT: I can't make a finding. I am foreclosed from doing that, aren't I?

MR. DaRIN: Why are you?

THE COURT: Well, if I am finding as I am finding, do I go on to infringement?

MR. DaRIN: Why not? If the case goes on appeal and the validity determination becomes reversed, we have got to settle the infringement issue.

THE COURT: Well, my understanding about the law in the Ninth Circuit is that you don't go on to infringement if you have made a decision such as I have made on validity.

MR. DaRIN: Well, I am requesting that you do that so that if we do come back down, we don't have to handle the—

THE COURT: I am not going to hasten back into the chambers to find the cases on this, but I wouldn't have any trouble doing that, I can assure you.

MR. DaRIN: You see, my point is that if we do come back on the validity issue, and you get reversed on the validity issue, we have got to handle the infringement issue, and it would be better to handle it at this point while everything is fresh in mind.

THE COURT: Maybe you think that, but that isn't the way it's viewed in the Ninth Circuit.

MR. DaRIN: Well, the reason I am saying this, your Honor, is, in my opinion, there are some case examples of infringement that are clear infringement of the patent, and one example is the activities of Hydrabath. It's an infringement.

THE COURT: You are not listening to what I am saying to you.

The law that pertains in this Circuit is that if you make the kind of decision that I made on validity, you don't go on to the question of infringement.

What I was doing was, I was saying things gratuitously. I thought I made that clear, didn't I?

Didn't I say that was gratuitous?

MR. DaRIN: Yes. I'm asking you to reconsider it, that's all. I understand that you can't infringe an invalid patent, and I think that's what you are saying.

THE COURT: Well, you mean in my halting way that's what I am saying.

But the fact is, I could show you the Ninth Circuit opinions that deal with that subject.

MR. DaRIN: All right.

There are some decisions of the new Court of Appeals that I would like to first call to your attention.

The Court of Appeals has recently decided—made their first decision on fraud on the Patent Office in Orthopedic Company, Inc. versus All Orthopedic Appliances, Inc. at 217 U.S.P.Q. 1281, 1286, and the cases cited on page 1286 include indication that a good-faith judgment not to cite prior art to the Patent and Trademark Office, even if erroneous, cannot be fraud, and that's in Oetiker, O-e-t-i-k-e-r, v. — I'll spell this — J-u-r-i-d-w-e-r-k-e, G.m.b., 671 Fed 2d, 596-600; and the DuPont versus Berkley and Company case, 205 U.S.P.Q., 1, 23.

THE COURT: Give me that cite again.

MR. DaRIN: The caption? DuPont versus Berkley and Company, 205 U.S.P.Q., 1, 23.

In addition, there has been a decision on July 15 that's still unrecorded that bears on three issues in this case. They are covered in the findings of fact and conclusions of law, and that is SSIH Equipment, S.A. versus United States International Trade Commission and Stewart Warner. It's appeal No. 82-2.

THE COURT: Where will I find that?

MR. DaRIN: I have a copy of it for your Honor, if you like.

THE COURT: I'll take it.

MR. DaRIN: May I present it to you?

This case, among other things, covers the presumption of validity under 35 U.S.C. 282 and the fact that it's not affected by prior art, it's more relevant than that considered by the Patent Office and that there is no fraud with regard to interrelated patents when a conduct occurred in the last filed case.

And there also appears to be a conflict in the new court regarding the interpretation of what anticipatory art is under 35 U.S.C. 102(e), and in particular the dissent of Judge Smith points that out.

We, in my proposed findings of fact and conclusions of law, had referred to the Ninth Circuit decision in Saf-gard which is different from what the defendants have utilized but which I feel is the controlling law with regard to what an anticipation is. That's Saf-Gard Products, Inc. v. Service Parts, Inc., 532 Fed. 2d, 1266, 1270.

I am not referring to the findings in particular. I found, in my opinion, with all due respect to the defendants' counsel, that the findings are argumentative. Some of them pose questions that are erroneous and not supported by the evidence, and some of the findings are purely conclusions of law.

THE COURT: Well, let's go down them and you tell me which ones you are talking about.

MR. DaRIN: The findings I don't object to are 1 through 3, 9, 61 and 62; and the conclusions of law I haven't objected to are 1 through 4, 7, 9, 13, 14, 17, 21, 29 through 31 and through 36.

Let me step back a moment.

THE COURT: Excuse me. Will you make a list of those for me later?

MR. DaRIN: I believe that the Court has put a lot of emphasis on the Parr patent and what it teaches one skilled in the art and the demonstrations on that basis. We have objected quite strenuously, and our expert, Dr. Alperin, wanted me to voice his objections to the comments in the findings of fact. We feel that—

THE COURT: Which ones are we talking about?

MR. DaRIN: I'm just making a general statement, and we'll come to them.

I just want to point out as a preface with regard to this Parr device, we feel, one, that we didn't have sufficient data given to us to properly evaluate it from a technical standpoint.

And, secondly, if you recall Dr. Alperin's testimony based on a comment made by one of his professors at Cal Tech that if you put enough power on a barn door, you can make a barn door fly, and that's exactly what defendants' counsel did with the Parr device. They over powered it so that they made it work as a whirlpool jet.

The Parr device as disclosed in the Parr patent was not designed to operate that way, and it's not a question of what you can make out of it, but what does it teach.

Also a general comment with regard to the findings.

As the Court knows, the Graham tests have to be complied with in order to support a conclusion of invalidity. No consideration was given in the findings to the prior art cited by the Patent Examiner against each of the patents and contrasting that prior art with regard to the uncited prior art. I say this because there always can be uncited prior art.

The question, the analysis has to be: is this uncited prior art any more relevant than that cited by the Patent Office or isn't it? If it isn't any more relevant, then it doesn't do any good to throw up all this uncited prior art.

With that analysis, you can't say that anything has happened to the presumption of validity, and if the prior art cited by the Patent Office is as good or better than what they claim as being uncited, it just strengthens the validity of the Patent rather than weakens it.

And going in to the findings specifically, I refer to finding of fact No. 4.

THE COURT: If you will wait just one minute.

All right.

MR. DaRIN: Yes. This deals with the continuation in-part applications and nomenclatures given to the patents, and I don't believe that the first sentence supports the conclusions with regard to continuation in part. Each of the patents in suit describe a different jet and each of the set of claims that each patent defines, completely different structures.

The reason that you attach the nomenclature "continuation in part" to the various applications is simply because there is certain subject matter in an earlier filed application that is found in a later filed application, and it's a continuation in part because not only is there common subject matter but there is also new subject matter so that that is the reason that it is given a "continuation in part" label and not because there is a single jet that's manufactured in large and small versions.

I think this is important to keep in mind with regard to some of my comments on the later findings.

Finding of fact No. 5 is the next one I object to, and that has to do with the documents that they uncovered evidencing the sale of the jets.

Our position is that the documents themselves had dates that were not more than one year before the filing of the design patent, and they per se did not evidence sales of

the jets, and I believe Mrs. Mathis' testimony clarified exactly the situation with regard to those invoices.

Finding of fact No. 6, I object to the use of the vague language "Jacuzzi-type" because I don't know what a Jacuzzi-type—Jacuzzi is a trademark, and it refers to various types of whirlpool jets that are made by the Jacuzzi Company.

Finding of fact No. 7. First, the definition of what a whirlpool jet does as contrasted with a water jet as indicated in the first line. I would propose that the language be used that "When properly designed to create a reduction in pressure below atmospheric, air is drawn into the mixing chamber from the atmosphere or the environment by a Venturi action to speed the movement of the water into and through the mixing chamber and out of the hydrotherapy jet or the whirlpool jet."

I think that's exactly what happens in the whirlpool jet without using vague terms.

Finding of fact No. 8, I have again the same comment with regard to the Jacuzzi-type in that they are indicating here in an argumentative fashion that the defendants allege certain structural details.

No objection to 9.

And with regard to No. 10, No. 10 purports to define what is covered by the claims in the '655 patent. Yet it's only limited to the initial claim rather than all of the claims in the suit.

I understand that the other claims are dependent on the first claim, but you still have to consider the subject matter of a dependent and independent claim in combination as a whole under the statute.

The comments in finding of fact No. 10 with regard to the claims requiring an O-ring is merely an infringement issue and not a validity issue.

Finding of fact No. 11, again, this has to do with the Parr patent, and our position is, without trying to retry the case, that the 1925 Parr patent does not function in exactly the same manner as the jets in issue as the Parr device as disclosed.

The Parr device as disclosed sets out a mixture of water and air in a relatively low pressure and cannot be used as disclosed as a hydrotherapy device. The support for that is column 1, line 49 through 52 of the Parr patent which discloses that it's discharged into the water under slight pressure, and it also describes a high velocity spray which is consistent with a low pressure as a discharge jet.

There is also some comment, and the last sentence refers to Parr being analogous art, and that's an issue that never was considered at any time. Analogous art is a separate issue from what the Parr patent teaches.

The last sentence is just a conclusion of law actually.

Finding of fact No. 12 deals with a test conducted by Mr. Mathis to simulate the operation of the Parr device. The defendants' counsel are the only ones that have testified with regard to this subject matter, and what Mr. Mathis did is exactly what he testified to. He simulated the operation of the Parr device by taking a standard whirlpool jet and putting an extension on it, and the reason he put the extension on it is to simulate the diffuser which is at the end of the Parr device to slow down the discharge, and that's what he did, and those were the results that he achieved.

The pressure that he used was lower because he was only operating one jet as contrasted to the six or eight jets that were mounted on the tub that was in the courtroom, and those are all parameters that must be controlled in order to have a valid test.

Finding of fact No. 13 again is with regard to what the Parr patent teaches, and I feel that this is contrary to

the fundamental concepts of patent law and requirements of 35 U.S.C. 102.

The issue is not what you can make out of the Parr patent under 102 but what it discloses to one skilled in the art.

We object to the characterization of our experts as being reckless about the truth on the part of the plaintiffs. Dr. Alperin never testified that the Parr device would not aspirate air. Dr. Alperin testified as a possibility that the excess energy that was applied to the Parr model could have been expended in heat which would have created the bubbles or the cavitation that was observed. The Parr test replica was set up merely to give the best visual effect and give a hydrotherapy appearance.

It is Dr. Alperin's opinion that the device as shown in the Parr patent is an excellent device for aspirating air but that was not the issue that we were talking about.

With regard to No. 15, the same comments I have with regard to No. 12 apply, namely, that one of the principle features of a—Mathis '655 patent is the mounting of the whirlpool jet without any fasteners.

The Parr device does not have any written description with regard to the automatic adjustment, and to read that into that is a hindsight reconstruction of the prior art.

Number 16, I believe that that states an issue of law, and the ultimate issue in the case is whether patents are invalid for obviousness under 35 U.S.C. 103.

The last paragraph with regard to the Anzen jet, Exhibit 307, is not correct because the Anzen jet and a number of other whirlpool jets were introduced during the deposition by Waterway Plastics, and they were all produced with having nuts. The nuts are extraneous items, and they were so considered during the trial.

With regard to specific testimony of Mr. Mathis with regard to the Anzen jet, I'll refer you to the trial transcript, page 150, line 18, through page 151 line 6, through page 153 line 15.

With regard to No. 17, again that has to do with the matter of the O-ring and its presence in the Parr patent.

We have examined before and after the trial the Parr patent under magnifying glass, and there is no O-ring or groove in the Parr patent or any other sealing means.

The Parr patent with regard to 35 U.S.C. 102 does not meet the terms of claim 1 of the '655 patent wherein the claim recites whereby movement of the water through the mixing chamber is speeded by a Venturi effect because Parr desires to slow down his water and reduce his pressure.

THE COURT: I'm not following that. Say that again.

MR. DaRIN: The Parr patent does not correspond to the language of claim 1 of the '655 patent that recites whereby movement of the water to the mixing chamber is speeded by a Venturi effect. The mixture of water and air in Parr is slowed down and the pressure is reduced so that when it impinges into the fish tank, there won't be this high velocity stream that you need in a whirlpool jet, and that's the requirement that I believe is necessary for finding anticipation under 102, and that's a conclusion of law nevertheless.

Number 18, I have the same comment with regard to what the Parr patent shows. I indicate it appears to show a flat washer, and so on, but there is no sealing means whatsoever in the Parr patent, and we agree with the comments that just to use a seal would be obvious in view of the prior art, and that's consistent with our position that the Patent Office couldn't have granted the patent just on the basis of the specific sealing ring language.

The same comments apply to the last sentence of finding of fact No. 9, which essentially is—

MR. KOPPEL: 19?

MR. DaRIN: 19, I'm sorry.

—a conclusion of law.

Finding of fact No. 20 deals with the arguments before the Patent Office in the '655 patent, and we disagree with the sentence beginning on line 25 that says the new independent claim was identical to the cancelled independent claim.

The new independent claim added for the first time in the prosecution the structural details of the automatic adjustment feature which is important in the overall construction of the Mathis whirlpool jet.

This finding also includes most of the remarks of Mr. Mathis' counsel, and I would recommend that the rest of the remarks that were omitted from finding of fact No. 20 and are found in finding of fact No. 22 be introduced in the finding of fact No. 20 so that the entire record could be clear.

THE COURT: You are suggesting putting 20 and 22 together?

MR. DaRIN: Right.

With regard to finding of fact No. 21, I believe that what is recited there concerning fastening devices such as screws and similar fasteners is an interpretation given by the defendants and in fact is not true.

I am not adverse to sticking with the language of the claim which says, "without any fastening members being connected to the bathtub."

The Hayward jet, as the defendants admit, includes a nut which is attachable or connectable to the bathtub and,

therefore, Mr. Comstock, who had the Hayward jet before him, could make the argument that he made and supported the limitations that are in the claim with regard to without any fastener members. The Hayward jet then does not meet the terms of the claim with regard to this automatic adjustment because it recites "without any fastening members being connected to the bathtub" since it does have a fastening nut, and the same is true of the Jacuzzi jet which the defendants are relying on.

This is where the judgment of the patent attorney comes into play as to whether or not he should cite the Hayward jet to the Patent Office or not. It is clear that Mr. Mathis gave him the Hayward jet and Mr. Comstock made a decision, and for whatever reason, right or wrong, it didn't end up in the Patent Office, and he may have concluded that it was not more pertinent, that it only relates to the first claim in the '655 patent.

And I believe I have covered my comments with regard to finding of fact No. 22.

Number 23, my previous comment concerning the use of the fasteners and the Hayward jet and the Jacuzzi jet did not provide the same wall thickness adjustment.

Mr. Mathis' wall thickness adjustment is accomplished without any fasteners as the claim indicates and, therefore, there was no serious breach of duty of candor during the ex parte Patent Office proceedings which is something for your Honor to decide.

Well, finding of fact No. 24 relates to the prior art patents and the devices that were before the Patent Office. This comes to the conclusion that the references were more pertinent than the prior art cited by the Patent Office Examiner, et cetera.

There is no discussion, as I indicated earlier, as to what the prior art patents show, that the prior art patents include the Steimle patent which discloses the prior art sys-

tem using T's, and it shows the Jacuzzi patent that I feel is one of the most relevant references in the record.

I believe these considerations as to what the prior art cited by the Patent Office covers must be ruled on before you can determine what is more pertinent and less pertinent than what was before the Patent Office.

Finding of fact No. 25 relates to the various prior arts that they found by just considering the language of claim 2 divorced from a combination with claim 1.

The Patent Office record shows that there were water jets that had an output flange that was substantially flush, and this is shown in the Agnellino patent of record. So the Patent Office had that before them at the time.

The defendants complain about the language in the claim as being vague, using "substantially flush," but when it comes to finding of prior art, they had no trouble with it.

I'd also like to point out that even though a feature in the independent claim may be old per se, that does not mean that the overall combination is not patentable.

Finding of fact No. 26 again represents a conclusion of law, and with regard to the test of the Parr device, the only test that was conducted by Mr. Jessup was on the video tape and was not conducted with a flush outlet in accordance with the teachings of the Parr patent. This was evidenced by Mr. Jessup's testimony on page 1072, lines 20 through 26.

The Parr patent, as you may recall, if you cut off the output diffuser substantially flush has a very narrow outlet, while the outlet that was used in Exhibit 537C has a larger opening than, and is cut off from the diffuser portion of the Parr device. This larger opening has a definite impact on how that device operates and also gives a better visual effect in that more water will go through a larger opening than a smaller opening, and Dr. Alperin testified

correctly with regard to what would happen if the diffuser portion was cut off and just a small outlet was used, which is not what was shown in the Parr replica, a much larger opening and all the parameters that varied in accordance therewith.

Number 27 again to me seems to represent a conclusion of law, and I have the same objection to it as No. 26. Again the counsel is picking out pieces from the prior art and indicating that the dependent claim is not patentable because this is shown in the prior art, and I refer the Court to the fact, and I have put this in my proposed conclusions of law, that it is not realistic to pick and choose from a reference so as to support a position. In re Lunsford, 357, Fed. 2d, 385, 391-392 which is the C.C.P.A. decision which is the predecessor of the new Federal Court.

Finding of fact No. 28 relates to claim 6, and it is true that in accordance with the Mathis invention that the water supply pipe enters the housing from the side rather than from the rear.

The Jacuzzi patent that is referenced there, Exhibit 442, is a reference of record in the patent, and is presumed to have been considered by the Patent Office.

The Jacuzzi patent shows a water inlet and an air inlet. One is on the top and one is on the bottom and neither one is on the side, and each require a fitting which is what Mr. Mathis eliminated in making his invention.

Finding of fact No. 29, again this deals with the Jacuzzi '025 patent, and we had testimony from Dr. Alperin, as I believe the Court will recall, that this is the same jet as shown in the Jacuzzi '820 patent which is a reference of record in the Mathis patent.

Again, the conclusion of law is based on the various pieces of prior art and not taking the subject matter of claims 1, 2, 6 and 7 as a whole.

Finding of fact No. 30 I believe is a conclusion of law without any factual support under the tests in the Graham case.

The '656 patent in finding No. 31, I believe this is a misstatement of what is covered by claim 1 in the '656 patent.

Claim 1 does not cover a complete installed assembly. Claim 1 covers a combination of two whirlpool jets having air and water inlets on the side with a water line running between the two and an air line running between the two. That, in my opinion, is the minimum structure that is called for in claim 1.

In order to have a complete system, you have to be able to recirculate the water from the tub through the jet, and that is added by claim 2 and is not in claim 1.

The Anzen jet again which was stipulated to be prior art, which is true, again is not the same as what is covered by claim 1 for the simple reason that that covers the prior art that Mr. Mathis was attempting to design around and succeeded in designing around.

Mr. Allen, who testified in regard to how he installed a jet, testified that he installed it actually in the step-by-step fashion by going around and putting in all of the air lines from jet to jet and then going back and putting in all the water lines and going from jet to jet. And his testimony is found on page 902 through 916, and in particular, he described how his water and air was connected to the Venturi T's at page 909, line 8 through page 913, line 16.

The essence of it is that the water and air were not directly connected without fittings as called for in the claim.

Now, I want at this point to call the Court's attention to the language of the claims because I have been criticized

as trying to avoid the language of the claims, but if you read claim 1 of the '656 patent with regard to the language without fittings, that has been kicked around quite a bit. The language says that the water supply pipe extends around the exterior of the bathtub and directly connected to each of the water inlet openings without fittings. This language precisely defines over the Jacuzzi patent, either the Jacuzzi patent that was cited by the Patent Office or the Jacuzzi patent relied upon by the defendants.

The words "directly connected to the housing" cannot be overlooked. If you are using a T, then you are not directly connected, and that's what the Mathis patent teachings are all about.

Finding of fact No. 33, the same comment with regard to the language of the claim in lines 13 through 17. The word "directly," as found in the claim is omitted from this finding.

Essentially, what the defendants are doing is, they have reconstructed the prior art which in a fashion has rendered the proceedings before the Patent Office a nullity. There is no more prior art, no prior art that's more relevant than the Jacuzzi '820 patent of record.

This finding also appears to be in the nature of arguments rather than facts.

Number 34, this is again a reconstruction of the prior art and represent a conclusion of law that's not within the application of 35 U.S.C. 102 as we understand it, including that recent unpublished decision by the Federal Court, that new Federal Court that I called your attention to.

35 again relates to the Jacuzzi patent and the reconstruction of the patent, and it's the same structure that was before the Patent Office in the Jacuzzi patent of record.

Number 36, the same comments with regard to the Jacuzzi patent of record and that it represents an erroneous conclusion of law under 35 U.S.C. 102.

Number 37, again there is no support that the Anzen and Jacuzzi jets are more relevant than the Jacuzzi patent of record.

Also the last sentence really is a conclusion of law with regard to the obviousness in view of Jacuzzi and Anzen.

Number 38 again is an argument in support of a conclusion of law for the reasons I indicated with regard to No. 37.

Number 39 I submit is just a pure argument. Prior art with regard to using T's in connection with the water and air inlets on a whirlpool jet was before the Patent Office in the form of the Steimle patent, and the Steimle patent does show that system.

Number 40, there is no issue that the plaintiffs sold its model 548 Ultra Spa, but there is an issue as to whether that's relevant to anything. All that material shows is essentially what has been shown in the Agnellino patent which was before the Patent Office. This again is a question of judgment as to whether or not this uncited or prior sale has any significance on the Patent Office proceedings.

Number 41, again, this is a conclusion of law as to what the breaches of the duty of disclosure were for your Honor to resolve.

Finding of fact 42, the Jacuzzi patent reference, again, the subject matter was before the Patent Office in the form of the Jacuzzi patent that's of record in the '656 patent and my comments. Therefore, there is a presumption of validity for the '656 patent over the Jacuzzi teachings, and it's strengthened because it was before the Patent Office.

Finding of fact 43 appears to me just to represent an argument rather than any findings.

Number 44, again it's an argument that apparently a claim that we were trying to cover the law of gravity because water flows downhill. There is no prior art with regard to the second claim in the '656 patent, and this is apparently the only argument they can present to establish invalidity.

And No. 45 again relates to that model 548 Ultra Spa, and it represents a completely different structure for the reasons I indicated in connection with finding of fact No. 40.

Number 46 is an argument with a conclusion of law rather than any facts.

47, the same comments apply without identification of what the evidence is to support their argument.

Number 48 again is a conclusions of law and without fulfilling all the requirements, the tests on the Graham decision relative to 35 U.S.C. 103.

The same comments apply to finding of fact 49, that it's an argument and a conclusion of law.

Going down on to the '449 patent in finding No. 50, the characterization as to what is covered by claim 10 of the '449 patent is incorrect in that it does not define an extension pipe and a nozzle. It covers an extension pipe and an extension nozzle in combination with a complete jet.

Again we have no reluctance to putting the language of the claim in here without redefining what the claim says.

The claim 1 does define the overall combination of a jet with a particular wrench that's spelled out, and again, we have no reluctance of putting the language of the claim

in here rather than a shorthand expression which can get us into trouble.

Number 51 relates to my comments concerning continuation in part. What the defendants are doing is saying that because we sold the whirlpool jet that is part of the claim structure in the '449 patent more than one year before the actual filing of the '449 patent, that that is a prior sale.

This '449 patent is a continuation in part of the '655 and '656 because the structure as shown in the '449 patent is the same as the structure shown in the '655 patent, and in particular, the '655 patent, if you refer to that, discloses also the outlet or the output flange that has a pair of openings that will accommodate a wrench.

This is the essential language that is found in claim 1 of the '449 patent and because the sale that they are referring to occurred much later than the filing date of either the '655 or the '656, it cannot act as a statutory bar and the defendants have no authority for their position with regard to such a sale.

In saying this, I recognize that the language of the claim that's in the '449 patent with regard to the wrench is not found in the other earlier patents, and that is the new subject matter.

52 I don't have any objection.

With regard to 53, I have no objection to what the patents that are recited therein disclose, but I feel that in total this represents a conclusion of law.

Number 54 again is a conclusion of law with an argument to support the conclusion without apply the Graham test.

Number 55, I do not agree with the statement that the alleged new wrench boils down to the knurling and the square hole.

I have no objection to 56 and 57.

Number 58, that the language with regard to the plaintiff gave, sold or loaned the spanner wrench or one like it to Benson whirljet or personally used their wrench to install the jets for Benson is without any support in the record. Mere speculation on the part of the defendants.

The first sentence of finding of fact No. 50—well, that's 58.

Number 59 ends up with a question rather than being a statement of fact.

And number 60 is a conclusion of law as to what a public use is.

No objection to 61.

And No. 62, we are in agreement that the feature per se of what is recited in claim 8 is old and it's just a question of combining that with the independent claims that the claim is dependent on.

Number 63, the Guiler and Parr patents that are referred to do not show a cap for an alternate use of the horizontal and vertical air inlets. I believe that they have mistaken the caps that are shown in these patents at the end of the vertical pipe with the cap that's called for in the claim, and the cap that's called for in the claim is to enclose the opening that will take the vertical pipe.

So this is wrong in their application of the facts and their conclusion.

Again, finding 64 is an attempt to restate what is covered by claim 10, and again, we will be willing to stick with what the language of the claim is because that's what the monopoly is all about. They have interpreted the claim so that the extension pipe has the concrete poured there above, and the claim does not cover this.

The claim in fact covers the integral structure of the whirlpool jet with the extension for the water outlet and

extension for the water orifice that can be used together, or the jet can be used alone.

Number 65, again, it refers to the jet portion of claim 10 which is what is covered by the preceding applications that the '449 patent is a continuation in part of. The jets shown and that are referred to in this finding cannot be used alternatively with or without the extension as required by the language of claim 10 and as designed by Mr. Mathis.

Number 66, I have the same objection as for 64 and 65.

Number 67, again, they are recharacterizing what is covered by a claim in that none of the patents cited are directed to the problems covered by the claim. It is merely a hindsight reconstruction of what is shown in the prior art.

Number 68 represents a conclusion of law rather than a finding of fact.

Number 69 is an argument concerning the language of the claim, discardable in what it means and is a conclusion of law.

The same comments with regard to No. 70.

Number 71 relates to what was before the Patent Office during the examination of the '449 patent.

As I have indicated earlier, the '655 patent in column 2, lines 66 through 68 discloses the use of the spanner wrench with the spaced openings, and I believe that in citing prior art to the Patent Office that you are not prohibited from using common sense, and these comments in this findings I find are in that order. This again deals with the jets sold to Benson and their relationship to the subject matter of the claims and the prior applications and whether those sales are a bar because of the disclosure in the prior applications, including using a spanner wrench.

Number 72, we don't have any objection to.

THE COURT: Yes. And 73 is all right too, isn't it?

MR. DaRIN: 73 is based on Mr. Jessup's testimony and we are not in agreement with this because we feel that the level of skill of those working in the whirlpool jet art is not of a scientific nature and the patents do not disclose that, and it's just the level of an ordinary mechanic as testified to by Dr. Alperin.

THE COURT: Now, when you get to this part on fraud and inequitable conduct, you can sum that up, can't you?

MR. DaRIN: Right, and I think that at least the recent cases from the Court of Appeals help me in that regard.

To sum it up, No. 74 deals with what the prior art was and what he didn't disclose to the Patent Office.

Mr. Mathis did disclose the Hayward jet to his counsel and as those new cases indicated, it's a matter of judgment, whether right or wrong, to do this and that cannot amount to fraud. What vital prior art is and this rather vague language in 75 is conclusion, not a fact.

Number 76 is covered by those new citations I gave you earlier.

77 is a conclusion of law.

78 is a conclusion of law with regard to fraud.

And 79—

THE COURT: I don't think we need to go into these.

MR. DaRIN: Okay.

THE COURT: I think that fraud is something that I have to deal with.

MR. DaRIN: Correct.

THE COURT: And the conclusions of law do not trouble you. It is the findings of fact upon which they are based.

I mean, your point is you can't come to those conclusions of law because you have no facts upon which to base them.

MR. DaRIN: Right.

With regard to No. 89 specifically and 88, the invoices that they found, I believe that Mrs. Mathis' testimony explained the nature of those invoices, and with regard to the language of finding No. 89 concerning the Cal Quip invoice, had a date on it of December 10th, 1974. That's covered in her testimony on page 933, lines 11 through 15; page 937, line 17 through 939, line 6; and that since plaintiffs did not understand the legal consequences of offering for sale and loaning out the jet such as they did with respect to the Cal Quip invoice.

And similarly her testimony applies to No. 90 and the Mar-Lyn container invoice.

The parts list that is dated November 16th, 1974 that is referred to in finding No. 90, did not include a recitation of any jets, and that's Exhibit 544, and that is also covered by Mrs. Mathis' testimony on page 939, line 7 through 940, line 7.

The Mar-Lyn container invoice did not have a date more than one year before the filing of the design patent, but it was dated February 14th, 1975, as she explained.

Number 91 again is dealing with—

THE COURT: Well, I know what that one is about.

MR. DaRIN: And that's what we have covered.

Again, the same reference to Mr. Mathis' testimony as to when he received the parts.

Number 92, the fact that 300 invoices is recited is misleading as the only customers that are involved were previously identified and Mrs. Mathis explained the circumstances in her testimony. A lot of these invoices may have been before the date in the interrogatory but

were not more than one year before the filing date of the Patent Office.

The same applies to finding of fact No. 93 which is again explained by Mrs. Mathis, and in 94.

THE COURT: Now, leave out 96, 97 and 98.

MR. DaRIN: Leave it out?

THE COURT: You don't need to comment on those.

MR. DaRIN: You don't want any comment on this?

THE COURT: Well, you obviously disagree with them.

MR. DaRIN: Right. This again deals with Dr. Alperin's testimony concerning the Parr device and whether it would aspirate air or not, and he never indicated that it wouldn't aspirate air, and it's his professional experience that he observed bubbles that could have been water vapor and it's a possible explanation.

The Parr device would not produce high velocity jet required for hydrotherapy action unless large amounts of power were utilized, and the large amounts of power were utilized and the losses in the mixing cone reduced. The velocity from the diffuser provides—precludes effective use of the Parr device as a hydrotherapy jet. Again, they made it work as a hydrotherapy jet and the parameters as to the motor and the pump and so on to operate one jet were completely different from operating six or eight jets as we demonstrated in the courtroom and not enough data was presented so we could make a rigid technical analysis concerning that, nor did the defendants provide any such data.

THE COURT: All right. Now, I think what we ought to do, we are to leave the law, and now let's come to a slightly different conclusion. What is the day you are going to file the answer to the motion?

MR. KOPPEL: August 31st.

THE COURT: 31st, all right. Then I think what we will do, we will reconvene.

I will now, in light of what Mr. DaRin has said, I will look at the findings and conclusions, and I will think over what you say, and then we will all reconvene here and conclude this matter one way or the other on Tuesday, the 6th at 10:30.

All right. I will think about what you said, Mr. DaRin, but I can't do that without the record and the exhibits.

* * * *

Provision of the Constitution of the United States Article 1, Section 8, Clause 8

The Constitution of the United States of America, Article I, § 8,

> Clause 8 [The Congress shall have Power . . .] to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Title 35 of the United States Code Sections 101, 102, 103, 111, 112, 115, 154, 282, 285

§ 101. *Inventions patentable*

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

§ 102. Conditions for patentability; novelty and loss of right to a patent.

"A person shall be entitled to a patent unless -

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) the invention was first patented or caused to be patented, or was the subject of the inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 37(c) of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, supressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

§ 103. *Conditions for patentability; non-obvious subject matter*

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

§ 111. Application for patent

Application for patent shall be made, or authorized to be made, by the inventor, except as otherwise provided in this title, in writing to the Commissioner. Such application shall include (1) a specification as prescribed by section 112 of this title; (2) a drawing as prescribed by section 113 of this title; and (3) an oath by the applicant as prescribed by section 115 of this title. The application must be accompanied by the fee required by law. The fee and oath may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Commissioner. Upon failure to submit the fee and oath within such prescribed period, the application shall be regarded as abandoned,

unless it is shown to the satisfaction of the Commissioner that the delay in submitting the fee and oath was unavoidable. The filing date of an application shall be the date on which the specification and any required drawing are received in the Patent and Trademark Office.

(July 19, 1952, c. 950, 66 Stat. 798; Aug. 27, 1982, Pub.L. 97-247, § 5, 96 Stat. 319.)

§ 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

(July 19, 1952, c. 950, 66 Stat. 798; July 24, 1965, Pub.L. 89-83, § 9, 79 Stat. 261; Nov. 14, 1975, Pub.L. 94-131, § 7, 89 Stat. 691.)

§ 115. Oath of applicant

The applicant shall make oath that he believes himself to be the original and first inventor of the process, machine, manufacture, or composition of matter, or improvement thereof, for which he solicits a patent; and shall state of what country he is a citizen. Such oath may be made before any person within the United States authorized by law to administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any officer having an official seal and authorized to administer oaths in the foreign country in which the applicant may be, whose authority is proved by certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, and such oath shall be valid if it complies with the laws of the state or country where made. When the application is made as provided in this title by a person other than the inventor, the oath may be so varied in form that it can be made by him.

(July 19, 1952, c. 950, 66 Stat. 799; Aug. 27, 1982, Pub.L. 97-247, § 14(a), 96 Stat. 321.)

§ 154. Contents and term of patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the

term of seventeen years, subject to the payment of fees as provided for in this title, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

(July 19, 1952, c. 950, 66 Stat. 804; July 24, 1965, Pub.L. 89-83, § 5, 79 Stat. 261; Dec. 12, 1980, Pub.L. 96-517, § 4, 94 Stat. 3018.)

§ 282. PRESUMPTION OF VALIDITY, DEFENSES

A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing

to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

§ 285. Attorney fees

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(July 19, 1952, c. 950, 66 Stat. 813.)

Federal Rules of Civil Procedure Rule 52(a)

Rule 52. Findings by the Court.

(a) EFFECT. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).

Title 37—PatentsTrademarks and Copyrights Rules of Practise in Patent Cases Rules 37 CFR 1.31, 1.51, 1.56 and 1.63

§ 1.31.Applicants may be represented by an attorney or agent

An applicant for patent may file and prosecute his own case, or he may be represented by an attorney or agent authorized to practice before the Patent and Trademark Office in patent cases. The Patent and Trademark Office cannot aid in the selection of an attorney or agent.

§ 1.51.General requisites of an application

(a) Applications for patents must be made to the Commissioner of Patents and Trademarks. A complete application comprises:

(1) A specification, including a claim or claims, see §§ 1.71 to 1.77.

(2) An oath or declaration, see §§ 1.63 to 1.68.

(3) Drawings, when necessary, see §§ 1.81 to 1.88.

(4) The prescribed filing fee, see § 1.16.

(b) Applicants are encouraged to file an information disclosure statement. See §§ 1.97 through 1.99.

(c) Applicants may desire and are permitted to file with, or in, the application an authorization to charge, at any time during the pendency of the application, any fees required under any of §§ 1.16 to 1.18 to a deposit account established and maintained in accordance with § 1.25.

(35 U.S.C. 6, Pub.L. 97-247; 15 U.S.C. 1113, 1123)

[42 FR 5593, Jan 28, 1977, as amended at 47 FR 41275, Sept. 17, 1982; 48 FR 2709, Jan. 20, 1983]

§ 1.56.Duty of disclosure; fraud; striking or rejection of applications

(a) A duty of candor and good faith toward the Patent and Trademark Office rests on the inventor, on each

attorney or agent who prepares or prosecutes the application and on every other individual who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application. All such individuals have a duty to disclose to the Office information they are aware of which is material to the examination of the application. Such information is material where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent. The duty is commensurate with the degree of involvement in the preparation or prosecution of the application.

(b) Disclosures pursuant to this section must be accompanied by a copy of each foreign patent document, non-patent publication, or other non-patent item of information in written form which is being disclosed or by a statement that the copy is not in the possession of the person making the disclosure and may be made to the Office through an attorney or agent having responsibility for the preparation or prosecution of the application or through an inventor who is acting in his or her own behalf. Disclosure to such an attorney, agent or inventor shall satisfy the duty, with respect to the information disclosed, of any other individual. Such an attorney, agent or inventor has no duty to transmit information which is not material to the examination of the application.

(c) Any application may be stricken from the files if:

(1) An oath or declaration pursuant to § 1.63 is signed in blank;

(2) An oath or declaration pursuant to § 1.63 is signed without review thereof by the person making the oath or declaration;

(3) An oath or declaration pursuant to § 1.63 is signed without review of the specification, including the claims, as required by § 1.63(b); or

(4) The application papers filed in the Office are altered after the signing of an oath or declaration pursuant to § 1.63 referring to those application papers.

(d) No patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or gross negligence. The claims in an application shall be rejected if upon examination pursuant to 35 U.S.C. 131 and 132 [35 U.S.C.A. §§ 131, 132], it is established by clear and convincing evidence (1) that any fraud was practiced or attempted on the Office in connection with the application, or in connection with any previous application upon which the application relies, or (2) that there was any violation of the duty of disclosure through bad faith or gross negligence in connection with the application, or in connection with any previous application upon which the application relies.

§ 1.63.Oath or declaration

(a) An oath or declaration filed under § 1.51(a)(2) as a part of an application must:

(1) Be executed in accordance with either § 1.66 or § 1.68;

(2) Identify the specification to which it is directed;

(3) Identify each inventor and the residence and country of citizenship of each inventor; and

(4) State whether the inventor is a sole or joint inventor of the invention claimed.

(b) In addition to meeting the requirements of paragraph (a), the oath or declaration must state that the person making the oath or declaration:

(1) Has reviewed and understands the contents of the specification, including the claims, as amended by any amendment specifically referred to in the oath or declaration;

(2) Believes the named inventor or inventors to be the original and first inventor or inventors of the subject matter which is claimed and for which a patent is sought; and

(3) Acknowledges the duty to disclose information which is material to the examination of the application in accordance with § 1.56(a).

(c) In addition to meeting the requirements of paragraphs (a) and (b) of this section, the oath or declaration in any application in which a claim for foreign priority is made pursuant to § 1.55 must identify the foreign application for patent or inventor's certificate on which priority is claimed, and any foreign application having a filing date before that of the application on which priority is claimed, by specifying the application number, country, day, month and year of its filing.

(d) In any continuation-in-part application filed under the conditions specified in 35 U.S.C. 120 [35 U.S.C.A. § 120] which discloses and claims subject matter in addition to that disclosed in the prior copending application, the oath or declaration must also state that the person making the oath or declaration acknowledges the duty to disclose material information as defined in § 1.56(a) which occurred between the filing date of the prior application and the national or PCT international filing date of the continuation-in-part application.

(35 U.S.C. 6, Pub.L. 97-247)

[48 FR 2711, Jan. 20, 1983; 48 FR 4285, Jan. 31, 1983]